

# IRS more likely to question returns than taxpayers think: Block

taxprotoday.com

March 13, 2018

Copyright 2018 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** Vol. 1; No. 1

**Length:** 267 words

**Byline:** Jeff Stimpson

## Body

---

Clients may come in having heard that the IRS actually audits relatively few returns. But the IRS is more than six times more likely to challenge returns than is commonly reported, according to **H&R Block**.

While the IRS claims to audit one out of 143 (0.7 percent), translating into slightly more than a million taxpayers each year, millions of taxpayers also face "automated audits" each year, according to Block. That means taxpayers have one chance in 23 of the IRS challenging some aspect of their return.

The official audit rate can be misleading because the IRS has other ways to ask for verification of the accuracy of their returns and assess additional taxes, penalties and interest. "The IRS has automated matching programs and filters to reach many more taxpayers than it could with traditional audits," said Jim Buttonow, director of the prep-chain giant's tax audit and notice services division.

Citing the IRS Taxpayer Advocate, Block reported that in 2011 the IRS conducted 1.56 million audits of individuals but questioned more than 11 million additional returns using automated audits. In 2018, IRS systems continue to use automation to question returns.

With automated processes and earlier deadlines for employers and other payers to submit reporting documents, the IRS can automatically match taxpayers' returns against 1099s and W-2s; when there's a mismatch, the IRS sends a notice asking for explanation. In 2016, the IRS conducted a little over a million audits on individuals but sent more than three times that number of "matching" or CP2000 notices.

"Technically, these aren't audits.

<http://www.taxprotoday.com/news/irs-more-likely-to-question-returns-than-taxpayers-think-h-r-block>

**Load-Date:** March 13, 2018

---

End of Document

# Block applies IBM's Watson to tax prep

accountingtoday.com

February 3, 2017

Copyright 2017 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** Vol. 1; No. 1

**Length:** 281 words

**Byline:** Jeff Stimpson

## Body

---

**H&R Block** will be using IBM Watson this tax season to help inform clients about their filing options and other factors affecting their tax outcome.

"We are introducing something this tax season that is totally new, and is in fact, a first in the tax preparation category," said Bill Cobb, **H&R Block's** president and chief executive officer, in a statement. "By combining the human expertise, knowledge and judgment of our tax professionals with the cutting-edge cognitive computing power of Watson, we are creating a future where our clients will benefit from an enhanced experience and our tax pros will have the latest technology to help them ensure every deduction and credit is found. This partnership with Watson means we can leverage the best technology available to help our clients get their taxes won."

The solution uses cloud-based Watson services to understand context, interpret intent and draw connections between clients' statements and relevant areas of their return. H&R preparers can then identify additional areas of possible implications to maximize refunds or reduce tax liabilities. As the software interacts with preparers and clients, it is expected to learn more about the workings of the Tax Code, improving its recommendations.

It is expected to be the biggest deployment of Watson in retail locations so far.

Block and IBM teams trained Watson in "the language of tax, first applying the technology to the thousands of questions and topics discussed during the return filing process," according to the tax prep chain.

Block was expected to run a Watson commercial during the first quarter of the Super Bowl on Feb. 5, the day of the Watson rollout to Block offices.

<http://www.accountingtoday.com/news/block-applies-ibms-watson-to-tax-prep>

**Load-Date:** February 2, 2017

---

End of Document

# Blocking Block

Tax Law Center Blog

May 24, 2011 Tuesday 12:06 PM EST

Copyright 2011 Newstex LLC

All Rights Reserved

Newstex Web Blogs

Copyright 2011 Tax Law Center Blog

**Length:** 190 words

**Byline:** cbergin@stakeholder.com (Christopher Bergin)

## Body

---

May 24, 2011 (LexisNexis delivered by Newstex) --

According to a report in Bloomberg, three companies dominate the sales of digital, do-it-yourself tax preparation products, controlling 90 percent of the market share. **H&R Block** (NYSE:HRB) is currently number two in that market; TaxAct is number three.

...

Why should millions of Americans turn their hard earned dollars over to say, **H&R Block**, to enable them to comply with a tax law that they are willing to comply with but quite understandably don't understand?

Since the government has provided its citizens this ridiculous income tax system whose purpose is to take our money, it seems to me the least the government can do is make the process easier.

The government should provide taxpayers with official tax preparation software at no cost. That will not only make things easier, but less "sleazier" as well.

View TaxAnalysts' Chris Bergin's opinion in its entirety on TAX.com.

...

Discover the features and benefits of LexisNexis® Tax Center

For quality Tax & Accounting research resources, visit the LexisNexis® Store

Newstex ID: LXNX-5486-104332613

## Notes

---

The views expressed on blogs distributed by Newstex and its re-distributors ("Blogs on Demand®") are solely the author's and not necessarily the views of Newstex or its re-distributors. Posts from such authors are provided "AS IS", with no warranties, and confer no rights. The material and information provided in Blogs on Demand® are for general information only and should not, in any respect, be relied on as professional advice. No content on such Blogs on Demand® is "read and approved" before it is posted. Accordingly, neither Newstex nor its re-distributors make any claims, promises or guarantees about the accuracy, completeness, or adequacy of the information contained therein or linked to from such blogs, nor take responsibility for any aspect of such blog content. All content on Blogs on Demand® shall be construed as author-based content and commentary. Accordingly, no warranties or other guarantees will be offered as to the quality of the opinions, commentary or anything else offered on such Blogs on Demand®. Reader's comments reflect their individual opinion and their publication within Blogs on Demand® shall not infer or connote an endorsement by Newstex or its re-distributors of such reader's comments or views. Newstex and its re-distributors expressly reserve the right to delete posts and comments at its and their sole discretion.

**Load-Date:** May 24, 2011

---

End of Document

# CPAs try to block Block ads

CNNMoney.com

February 6, 2003 Thursday

Copyright 2003 Cable News Network All Rights Reserved

**Section:** FUNNY

**Length:** 516 words

## Body

---

CPAs are mad as hell and they're not going to take it any more!

First, late-night comedians made accountants a running joke. Then President Bush quipped that Iraq agreed to have its weapons counted -- but only by Andersen auditors.

Now, an accountants group complains, a TV ad campaign is taking cheap shots at the profession, making them out to be shady and incompetent because of a spate of scandals that involved only a few of their kind.

**H&R Block** Inc., the No. 1 tax preparer, has drawn fire for its ads, one of which offers to double-check last year's tax returns for free and features a woman proclaiming that **H&R Block** found more than \$2,000 that her certified public accountant (CPA) missed.

A second ad -- which shows a man walking down a dark alley filled with neon signs flashing titles like "Qualified CPA," "Prestige CPA" and "Tax Consortium" before he finds **H&R Block**, which promises that customers don't have to pay until they are completely satisfied -- has especially rankled the group.

Several accountants say the ad implies that CPAs cannot be trusted and latches onto the lack of credibility within the accounting profession after a series of corporate scandals, including the Enron Corp. debacle that brought down the venerable Arthur Andersen.

Prompted by hundreds of complaints from its members, the main trade group for accountants is demanding Block withdraw the two commercials.

The head of the American Institute of Certified Public Accountants, which represents the Big Four accounting firms and thousands of local accountants nationwide, has written to **H&R Block** Chairman Mark Ernst, asking him to pull the ads immediately. The trade group, which says it received several hundred complaints, also is telling its members to "express their outrage" directly to Ernst.

## CPAs try to block Block ads

"To impugn the CPA profession in your ads is to impugn 330,000 individuals, some of whom are your own employees," AICPA President Barry Melancon wrote. "I sincerely hope that your copywriters were not trying to capitalize on the unfortunate situation some large accounting firms are in, which has nothing to do with tax preparation or the thousands of small CPA firms that deliver quality tax services."

AICPA said its legal counsel is reviewing the ads.

**H&R Block** spokesman Bob Schneider defended the ads, saying, "Isn't that a little bit ridiculous? You've got a guy walking down the street and he sees some unfriendly offices, and to make a leap from that to say we're talking about Enron -- that's really a stretch. They've chosen to make a campaign of this but they have no basis ... other than that they seem to have some complaints from their membership."

**H&R Block**, Schneider says, is simply trying to promote its convenient offices, the accuracy of its services and its satisfaction-guaranteed promise.

Some marketing experts such as Jack Trout, president of consulting firm Trout & Partners, say **H&R Block's** marketing pitch does latch onto the tarnished image of accountants but that there's nothing wrong with that. In fact, he says it's a "brilliant strategy."

"All's fair in love and marketing," Trout said.

**Load-Date:** October 2, 2003

---

End of Document



# American Century will buy old Block HQ

Kansas City Business Journal (Kansas & Missouri)

November 21, 2006 Tuesday

Copyright 2006 American City Business Journals, Inc. All Rights Reserved

**Length:** 132 words

## Body

---

American Century Investments expects to buy **H&R Block** Inc.'s former headquarters just north of the Country Club Plaza at 4400 Main St., the mutual fund operator announced. The sale is scheduled to close by Nov. 30, American Century said.

The purchase, announced late Monday, will let American Century consolidate operations around its headquarters at 4500 Main St. The company's other holdings include One Main Plaza, 4435 Main St.

American Century expects to house about 600 employees in the former headquarters by mid-summer 2007. About 1,500 people work for American Century in Kansas City. The company ranks No. 51 on the Kansas City Business Journal's list of the Top 100 Area Employers.

**H&R Block** vacated the 4400 Main building after its headquarters in downtown Kansas City opened in July.

**Load-Date:** November 21, 2006

---

End of Document

# American Express unit to merge into Block

The Kansas City Star

August 2, 2005 Tuesday 1 EDITION

Copyright 2005 The Kansas City Star All Rights Reserved

**Section:** D; Pg. 4

**Length:** 292 words

**Byline:** By GENE MEYER The Kansas City Star

## Body

---

**H&R Block** Inc. is buying American Express Co.'s tax and business services division for \$220 million.

Under an agreement announced Monday, Kansas City-based Block intends to merge the unit into its RSM McGladrey Business Services Inc. subsidiary to create the nation's largest provider of accounting and related services to midsized businesses.

The acquisition will add about 2,500 American Express workers to RSM McGladrey's work force of more than 4,500 throughout the U.S.

The enterprise's combined revenues are expected to top \$1 billion. For the fiscal year that ended April 30, RSM McGladrey had revenue of \$573.3 million. RSM McGladrey has headquarters in Bloomington, Minn., and major operations in Kansas City.

The transaction is expected to be completed by Sept. 30, pending federal regulatory approval. The acquisition would add about 5 cents a share to fiscal 2006 and 2007 earnings, the company said.

"We're creating a firm that is uniquely positioned to meet the demands of the middle market," said Mark Ernst, Block's chairman and chief executive officer.

Ernst was a senior executive with American Express for 12 years before joining Block in 1998. While at American Express, he helped design, build and run the tax and business service unit Block is buying now.

"The demands placed on Big Four accounting firms to serve their largest Fortune 500 clients have left too many midsized business without the dedicated resources they need from their accounting firm to help them compete and grow," Ernst said.

**H&R Block** has acquired 35 accounting firms and financial-service companies since the late 1990s. American Express has been selling businesses unrelated to its global payments and network services unit.

American Express unit to merge into Block

To reach Gene Meyer, call (816) 234-4883.

**Load-Date:** August 2, 2005

---

End of Document

# AmEx CEO jumps ship to join Block

ACCOUNTING TODAY

October 11, 1999 - October 24, 1999

Copyright 1999 Faulkner & Gray, a Division of Thomson Information Services, Inc., a New York Corporation

**Length:** 430 words

**Byline:** By Melissa Klein

## Body

---

Kansas City, Mo. - In the latest round of corporate defections, Jeffrey Yabuki, former chief executive of American Express Tax & Business Services in Minneapolis, has jumped ship to join **H&R Block** International, part of the parent company of rival consolidator HRB Business Services, as president.

But Yabuki won't be involved with Block's roll-up of accounting firms, according to Block spokesman Todd Ransom. Instead, Yabuki will be devoting his time at his new post in Kansas City, Mo., to the development of the firm's tax preparation and financial services operations in Canada, the United Kingdom and Australia. "He'll be working on building our international operations, replicating the financial services that we've introduced in the United States," Ransom said. "Jeff will essentially help build there what we've done here."

Yabuki became AmEx chief executive in April of 1998, when he served as interim CEO following the departure of Bob Basten, who left the firm in March 1998 to head up his own consolidation group, Centerprise, in Chicago. Yabuki was later officially named CEO in July 1998.

Yabuki was unavailable for comment, as was Block president and chief operating officer Mark A. Ernst. Ernst, another former AmEx employee, left his post as a senior vice president at the firm to join Block in September 1998 as executive vice president and COO.

Longtime **H&R Block** observers suggested that Yabuki could be headed for domestic U.S. duties as soon as an AmEx non-compete agreement runs out. It would be a track followed by Ernst, who, when he defected from AmEx, was parked for a year in a non-competitive role at Block.

## AmEx CEO jumps ship to join Block

AmEx Tax & Business Services chairman Gerry Golub said that Yabuki's departure was "sudden, as are most CEO's departures."

"Our search for a dynamic, inspirational, strategic leader goes on," Golub said, "but we're confident that we'll fill the role in a reasonable period of time."

In the meantime, Golub said that he and other AmEx senior executives will take on additional responsibilities until a new leader is found. The firm will continue to follow its strategy of acquiring accounting firms that focus on small and midsized companies.

"We're on track with our plans for growth," Golub said.

In August, Block's accounting firm consolidator, HRB Business Services in Kansas City, Mo., acquired the non-attest services of 7th-ranked firm McGladrey & Pullen, increasing the consolidation company's total revenue to \$ 365 million, and making it the second-largest consolidator of CPA firms, behind Cleveland-based Century Business Services.

**Load-Date:** October 21, 1999

---

End of Document

**ANALYSTS: BLOCK BETTER OFF WITHOUT COMPUSERVE;  
THE COMPANY WILL NOW HAVE TIME TO FOCUS ON TAX PREPARATION  
AND ITS FINANCIAL- SERVICES DIVISION.;**

Orlando Sentinel (Florida)

September 9, 1997 Tuesday, METRO

Copyright 1997 Sentinel Communications Co.

**Section:** BUSINESS; Pg. B5

**Length:** 388 words

**Byline:** Associated Press

**Dateline:** KANSAS CITY, MO.

## Body

---

Only in the end did CompuServe finally produce for its parent company, **H&R Block**, whose \$1.2 billion sale of the lagging online service will sharpen Block's focus on tax-preparation and its emerging financial-services arm, analysts say.

"Management had been very distracted by this CompuServe debacle," said Alexander Paris Jr., vice president of Barrington Research Associates in Chicago. "It's going to free up management's time to focus on an already very valuable brand franchise."

Telecommunications provider WorldCom announced Monday it is buying CompuServe for stock worth about \$1.2 billion. WorldCom plans to trade CompuServe's content and its 2.6 million consumers along with \$175 million to America Online.

In return, WorldCom gets AOL's ANS Communications division, which provides Internet access mainly for large-business customers.

Kansas City-based Block, which owns 80 percent of CompuServe, said it will use proceeds from the sale to bolster its tax-preparation business, enhance its growing financial-services division and repurchase Block stock.

The company's stock closed down 68.8 cents to \$39.50 a share on the New York Stock Exchange.

America Online Inc. shares closed up \$6 to \$75.938 after the announcement. Volume was 5.8 million shares, more than 3 1/2 times the three-month daily average.

ANALYSTS: BLOCK BETTER OFF WITHOUT COMPUSERVE;THE COMPANY WILL NOW HAVE TIME TO  
FOCUS ON TAX PREPARATION AND ITS FINANCIAL- SERVICES DIVISION.;

"This is the right time, the right place and the right path for future growth," said Frank Salizonni, president and chief executive officer of Block as well as chairman and acting CEO of CompuServe. "Block shareholders will now be well-positioned to reap the benefits of our ability to focus all of our attention and resources on the dynamic growth opportunities in our tax and financial-services businesses."

"And CompuServe shareholders will receive a stake in one of the fastest-growing and most well-regarded telecommunications companies in the country."

Though the deal needs approval from CompuServe stockholders, analysts say Block now has a prime opportunity to transform its largely seasonal tax branches into year-round financial-service centers, with mortgage loan, investment and other services.

"They have nearly 10,000 branches around the world, and this is a natural way to keep them busy and keep them generating revenue in the eight months when they're not open," Paris said.

**Load-Date:** September 9, 1997

---

End of Document

# **BARRON'S: Speaking Of Dividends -- Block Finds A Way To Make Taxes Pay: No. 1 Preparer Boosts Payout By 9%**

Dow Jones International News

June 24, 2000 Saturday 6:29 AM GMT

Copyright 2000 Factiva, a Dow Jones and Reuters Company

All Rights Reserved

Copyright © 2000, Dow Jones & Company, Inc.)

**Length:** 839 words

**Byline:** By Shirley A. Lazo

## **Body**

---

The No. 1 tax-service provider in North America, **H&R Block**, didn't meet its original earnings expectations for fiscal 2000, ended April 30, but it did improve upon its scaled-back forecast and also bettered fiscal 1999 results. Accordingly, Block will return an enhanced quarterly common dividend to its investors again this year.

Since payouts were initiated in 1962, when Block made its public debut, the Kansas City, Missouri, company had provided shareholders with a fatter payout every year until fiscal '97. Back then, although it surpassed its goal of increasing earnings and revenues by 15%, its struggling CompuServe unit (sold for \$1.3 billion in February 1998) forced Block to slash its dividend from 32 cents a share to 20 cents, where it stayed until a hike to 25 cents in June 1998.

Disbursements have been on the rise ever since, and last Wednesday's 9% boost takes the quarterly to 30 cents a share from 27.5 cents, payable October 2 to holders of record September 11. Yield: 4%. The increase, Block said, reflects its continuing strong growth in cash flow. Earlier this year, the company authorized the repurchase of 12 million more of its shares, of which it already has bought back 3.4 million.

Block's company-owned and franchised tax offices prepared 16.3 million U.S. returns in fiscal 2000, 3.3% more than in the previous year. The total number of U.S. clients served in tax offices -- those receiving electronic-filing services only, as well as clients getting tax-preparation services -- gained 2.4%, to 16.9 million. Block has some 21 million clients worldwide.

Fiscal 2000 profits rose to \$2.55 a share, two cents higher than Wall Street's pared-down consensus (the previous mean estimate was \$2.71, down from \$2.88 in March before Block announced that financing costs would hurt



BARRON'S: Speaking Of Dividends -- Block Finds A Way To Make Taxes Pay: No. 1 Preparer Boosts Payout  
By 9%

results). Revenues surged 49%, to \$2.5 billion, due in large measure to the first-time inclusion of the operations of RSM McGladrey (the seventh-largest U.S. accounting and consulting firm, which Block bought last August for \$290 million) and Olde Financial (the nation's fourth-biggest discount broker, purchased in December for \$887 million). Even though U.S. tax offices experienced gains in revenues, client retention and market share, CEO Frank L. Salizzoni said earnings didn't meet initial expectations because of "overstaffing in our U.S. tax operations in anticipation of year-end client increases that did not occur. Earnings were also impacted by a loss in our new e-commerce operation." On the plus side, earnings before interest, taxes, depreciation and amortization (EBITDA) grew 36%, to \$598 million. Analysts' consensus guess on fiscal 2001 earnings per share, according to First Call/Thomson Financial, is \$2.93.

After setting a 52-week high last August of 59 1/2, Block finished 1999 at 43 3/4, down about 3% on the year. It currently changes hands at around 31 after dropping to a 52-week low of 26 15/16 June 9. Institutions own 80% of the 98.4 million common shares outstanding. Standard & Poor's investment recommendation on Block is "hold."

Henry W. Bloch, who co-founded the company with his brother, Richard, in 1955, will retire in September as chairman (though he will become honorary chairman). Bloch endured a lifetime of people mispronouncing his last name, so he purposely misspelled the company's name to prevent folks from calling it H&R "Blotch." He'll be succeeded by Salizzoni.

-- Bank stocks have been taking it on the chin since industry-standout Wachovia, the nation's 15th-largest bank holding company, issued a profit warning recently, blaming higher interest rates and a charge to boost loan-loss reserves for the expected second-quarter and full-year shortfalls. Regardless of whether investors' jitters over banks are justified, a handful of small ones posted upbeat announcements last week. Among them: Fifth Third Bancorp, Washington Federal and River Valley Bancorp.

Cincinnati-based Fifth Third is splitting its stock 3-for-2 and boosting its quarterly common dividend 13%, to 27 cents a share (18 cents post-split) from 24 cents. Both disbursements are payable July 14 to holders of record June 30. The stock division is the company's fifth in the past 10 years and means that one share of Fifth Third purchased in 1990 equates to nearly eight shares today. The cash hike marks the 34th increase in Fifth Third's 26 years as a holding company. And for over 13 years, the payout has been enhanced every nine months.

For the 35th time since Washington Federal became a public stock company in November 1982, the Seattle-headquartered parent of Washington Federal Savings has sweetened its dividend. The penny hike takes the quarterly to 25 cents a share. The respective payment and record dates are July 21 and June 30.

River Valley Bancorp, in Madison, Indiana, also raised its quarterly one cent, to 8.5 cents a share, payable July 14 to investors of record June 30. Dividends have been paid since July 97, and this is the sixth increase. River Valley also will repurchase 5% of its common.

## Notes

---

PUBLISHER: Dow Jones & Company

**Load-Date:** December 18, 2004

---

End of Document

# Big tax return; Electronic filing boosts Block

USA TODAY

May 11, 1990, Friday, FINAL EDITION

Copyright 1990 Gannett Company Inc.

**Section:** MONEY; Pg. 1B

**Length:** 280 words

**Byline:** Harriet Brackey

## Body

---

Electronic tax filing created an \$ 85.8 million windfall for **H&R Block**.

The nation's largest tax preparation firm estimates its staff hit the "send" button on about 2.9 million electronically filed returns.

At \$ 25 to \$ 35 each, that accounted for a healthy 11% of its \$ 804.1 million annual revenue from tax returns.

The figures are preliminary, but President Tom Bloch says the trend is here to stay. Almost all of the company's 17.7% growth in tax operations came from electronic filing, and "we hope to do more of them next year," he says.

The tax season that ended in April was the first time electronic filing was available nationwide. Anyone due a refund could file a return by computer - but only through an authorized tax service.

In return, taxpayers were promised refunds in two to three weeks, vs. six or more if they had filed the old-fashioned way.

Of 101.3 million tax returns the IRS received, 4.2 million came by computer.

Block captured 69% of the market. One smaller competitor did well, too. Jackson Hewitt Inc., which has 230 offices to Block's 8,831, says it took in an extra \$ 1 million from electronic filing.

Those two crowded out other electronic filers: Insta-Tax, which set up shop in more than 4,000 stores, including 7-Elevens, sent only 53,000 returns, vs. the 200,000 it expected.

Zapping returns will put zing in Block's profits when final results are posted next month. Analyst Paul Mackey of Dean Witter Reynolds Inc. says Block has been gearing up for electronic filing for several years, so it probably didn't have big extra expenses this year. As for the \$ 85.8 million: "Essentially all of it drops to the bottom line."

---

End of Document

## Block adds former Allstate exec to board

The Kansas City Star

April 25, 2006 Tuesday

Copyright 2006 The Kansas City Star All Rights Reserved

Length: 68 words

### Body

---

**H&R Block Inc.** today said Jerry D. Choate has been elected to the company's board of directors.

Choate, who retired in 1999 after serving as chairman and chief executive officer of insurance holding company **Allstate Corp.**, is the 11th member of Block's board.

Choate is also a director of **Amgen Inc.** and **Valero Energy Corp.**, and serves on the board of trustees for the **Van Kampen Mutual Funds**.

-The Star's news services

**Load-Date:** April 26, 2006

---

End of Document

# Block adds small-business focus

The Kansas City Star

February 2, 2005 Wednesday 1 EDITION

Copyright 2005 The Kansas City Star All Rights Reserved

**Section:** C; BRIEF; Pg. 3

**Length:** 456 words

**Byline:** By GENE MEYER The Kansas City Star

## Body

---

**H&R Block** on Tuesday unveiled plans to open a chain of tax and financial service centers designed to serve small businesses the way its traditional tax offices serve individuals.

First links in the new chain, known as **H&R Block** Small Business Resources, are being formed from 11 former American Express Tax and Business Services offices in nine states that Block bought. Terms of that transaction were not disclosed.

Block intends to expand that network to as many as 1,000 offices in the next five to seven years, Jeff Yabuki, the company's chief operating officer, said in a statement released by the company.

Hitting that target would create a network about a tenth the size of the company's more than 10,000 traditional tax offices.

"There are more than 20 million small businesses in the United States, but no national brand serving their tax, financial and business needs," Yabuki said.

"We see a huge opportunity to provide a wide range of superior products and services that business owners need from a single trusted source."

The new business unit intends to hire CPAs, enrolled agents and similarly credentialed tax and financial service professionals to provide year-round tax preparation and planning, bookkeeping and payroll processing, and advisory services for businesses with 25 or fewer employees.

A separate Block unit, RSM McGladrey Business Services Inc., provides similar services to medium-size businesses with 5,000 or fewer workers.

## Block adds small-business focus

The former American Express offices that Block bought have a combined roster of about 15,000 clients and reported about \$9 million in revenues last year, said Linda McDougall, Block's chief spokeswoman.

Yabuki and other Block executives, who shared some broad outlines of their planned new service last month with New York securities analysts, indicated then that the fully expanded network potentially would add more than 1.5 million clients to Block's base and increase the company's tax service revenues by \$800 million to \$1 billion.

Meantime, Block plans campaigns to raise awareness of the new service in the 11 markets where it now is open.

Those are Tucson, Ariz.; Rancho Palos Verdes and Walnut Creek, Calif.; Fort Wayne and Rochester, Ind.; Cedar Rapids, Iowa; Wakefield, Mass.; Livonia, Mich.; Omaha, Neb.; Dublin, Ohio; and Roanoke, Va.

Block shares closed at \$48.32, up 1 cent on the New York Stock Exchange.

To reach Gene Meyer, call

(816) 234-4883 or send e-mail to [gmeyer@kcstar.com](mailto:gmeyer@kcstar.com)

First glance

Block's new service geared toward small businesses is initially available in 11 markets: Tucson, Ariz.; Rancho Palos Verdes and Walnut Creek, Calif.; Fort Wayne and Rochester, Ind.; Cedar Rapids, Iowa; Wakefield, Mass.; Livonia, Mich.; Omaha, Neb.; Dublin, Ohio; and Roanoke, Va.

**Load-Date:** February 2, 2005

---

End of Document

# Block advertisements take a new tack

Kansas City Star (Kansas & Missouri)

January 14, 2003, Tuesday

METROPOLITAN EDITION

Copyright 2003 The Kansas City Star Co. All Rights Reserved

**Section:** TUESDAY BUSINESS;

**Length:** 516 words

**Byline:** JENNIFER MANN; The Kansas City Star

## Body

---

As **H&R Block** Inc. evolves as a year-round, full-range financial services company, so does its marketing evolve to support the company's new missions.

The Kansas City-based company, founded as a tax-preparation firm by brothers Henry and Richard Bloch, announced several years ago its intent to become a financial services company offering tax, mortgage, investment and retirement planning services.

Block spent billions of dollars primarily buying investment firms and mortgage companies and now is spending millions more to promote its new range of services.

The company recently unveiled a new campaign of about 10 spots that focus on different services the company offers.

One spot, called "People Like You," opens by noting that the average American household has 14 credit cards with balances totaling an average of \$7,000 and spends an average of \$83 monthly on interest.

The ad points out that **H&R Block** offers mortgage refinancing



services.

Other spots focus on other services, such as Block's service to check tax returns, reporting that those clients who overpay, on average, get back \$1,300.

Yet another spot promotes Block's program in which taxpayers who owe taxes can borrow the money to satisfy the Internal Revenue Service through its easy pay program.

New this year is a sweepstakes called "Tax Freedom for Life." As the name implies, the grand prize winner gets his or her taxes paid for life. Five runners-up will have their 2003 taxes paid by Block.

Block is distributing 100 million entry cards on Super Bowl weekend through newspapers that distribute Parade and USA Weekend magazines, and in People magazine.

Another element of Block's strategy ties heavily into the Super Bowl. In addition to a spot starring country singer Willie Nelson that will run during the game's first quarter, Block also will run a spot in the second quarter.

Block also will sponsor a half hour of the pregame show, during which its square, green logo will be seen on the sports anchor's desk.

During that half hour, viewers will be able to visit special Web sites for ABC and ESPN to vote for their favorite NFL football block of the year. The winner will be called the **H&R Block** of the Year.

David Byers, Block's senior vice president and chief marketing officer, said he was pleased with the evolution of its marketing programs.

"One of the reasons we've become a year-round advertiser is to aggressively promote that we've become a year-round company," Byers said.

## Block advertisements take a new tack

Byers said that in another new Block program, companies sign up and pay for their employees' tax preparation. Block expects to announce that a handful of companies, which together employ 3.5 million people, have signed up.

He also said the company has signed a deal to publish five books. The first, Tax Planning Advisor: A Year-Round Approach to Lowering Your Taxes This Year, Next Year and Beyond is due out April 15.

To reach Jennifer Mann, call (816) 234-4453 or send e-mail to [jmann@kcstar.com](mailto:jmann@kcstar.com).

**Load-Date:** January 14, 2003

---

End of Document

# Block agrees to buy Birchtree

ACCOUNTING TODAY

December 14, 1998 - January 3, 1998

Copyright 1998 Faulkner & Gray, a division of Thomson Information Services, Inc., a New York corporation

**Section:** TAX PRACTICE

**Length:** 156 words

## Body

---

Kansas City, Mo. - In an effort to offer more financial products and services, Block Financial Corp. is acquiring Kansas City, Mo.-based full-service investment firm Birchtree Financial Services Inc. with internal cash for an undisclosed price, **H&R Block** announced Thursday.

Block began offering financial products and services on a trial basis last tax season. Through the acquisition, the financial services juggernaut will acquire Birchtree's back office processing capabilities, compliance infrastructure and support staff.

"Nearly 15 million Americans turned to **H&R Block** last year for tax preparation, but where do they turn for financial advice, such as developing a financial plan, investing for their future or financing a home?" said **H&R Block** chief operating officer Mark A. Ernst. "Our goal is to become our customers' financial partner as well as their tax preparer."

Block anticipates the deal to be completed in January 1999.

**Load-Date:** December 17, 1998

---

End of Document

# Block and AOL Time Warner announce cross-marketing deal

The Associated Press State & Local Wire

August 28, 2001, Tuesday, BC cycle

Copyright 2001 Associated Press All Rights Reserved

**Section:** Business News

**Length:** 139 words

**Dateline:** KANSAS CITY, Mo.

## Body

---

**H & R Block** will offer tax services on America Online and advertise throughout AOL Time Warner's properties, the two companies announced Tuesday.

The Kansas City-based tax preparer will offer its Online Tax Program through AOL.

Its users will be able to have their online tax return reviewed by a Block tax preparer. Taxpayers will also be able to e-mail questions to Block's tax preparers.

Block agreed to advertise across AOL's media outlets, including Time-Warner Cable, CNN, and magazines including Time and Money.

The deal calls for Block to provide tax services for AOL employees at a discount, and to promote AOL within its tax offices.

Block was due to announce first-quarter earnings after financial markets close Tuesday. Block was up 70 cents at \$38.15 in morning trading on the New York Stock Exchange.

**Load-Date:** August 29, 2001

---

End of Document

# Block and FCB Direct Join Web, Credit Card

ADWEEK

February 5, 1996, Midwest Edition

Copyright 1996 A/S/M Communications, Inc.

**Length:** 252 words

**Byline:** By Ellen Rooney Martin

**Dateline:** CHICAGO

## Body

---

Block Financial is marrying the Internet with credit cards, launching a Web Card Visa with marketing support from FCB Direct here.

The True North Communications unit got the nod after handling the successful launch of Block's CompuServe Visa two years ago, said Julie Eisen, vice president of marketing for the credit card services group of Block Financial, based in Kansas City, Mo.

Block Financial is a spin-off from **H&R Block**, which owns CompuServe, and includes two other groups: software and on-line services.

The Web Card Visa was launched through direct mail last month, targeted to Internet aficionados. A print campaign -- also from FCB Direct -- is planned for this spring, Eisen said.

"This is the first card to be targeted specifically at Internet users," Eisen said.

The card allows customers to check transactions and available credit 24 hours a day through an online Internet site. Customers can also download the capability to their personal finance software, such as Quicken.

The mailing database is built from rented lists of subscribers from Internet-related publications. The spring print campaign will run primarily in high-tech magazines. The Web Card audience is expected to be larger than that for the CompuServe Visa, which was well accepted by its target audience (subscribers of the on-line service), Eisen said.

FCB Direct handles all credit card business for Block Financial, and according to Eisen, is working on other new products for introduction next year.

## Graphic

---

Advertisement, Mailings target Internet magazine subscribers.

**Load-Date:** February 15, 1996

---

End of Document

# Block Announces Sale of Software Subsidiary to Banking Alliance

The Associated Press

May 10, 1995, Wednesday, BC cycle

Copyright 1995 Associated Press All Rights Reserved

**Section:** Business News

**Length:** 186 words

**Dateline:** KANSAS CITY, Mo.

## Body

---

**H&R Block** Inc. will sell its MECA Software Inc. subsidiary to an alliance of two leading U.S. banks for about \$ 35 million, about \$ 10 million less than Block paid to acquire the company in November 1993.

Block said Wednesday it has reached agreement to sell MECA, based in Fairfield, Conn., to a limited liability company to be formed by Bank of America and NationsBank.

Block will retain MECA's TaxCut personal tax software, currently the second most popular tax software, said William P. Anderson, Block's senior vice president and chief financial officer.

Block bought MECA because it wanted to be in the tax preparation software business, and also thought MECA's Managing Your Money software would be a good fit with its CompuServe on-line information services subsidiary, Anderson said.

"After owning it a year, we concluded the future of (MECA's) business was as a custom software developer for on-line banking," Anderson said. "We're really not in the software development business."

Block believes the value of the TaxCut software will at least partially compensate for the loss on the sale of MECA, Anderson said.

**Load-Date:** May 10, 1995

---

End of Document

# Block appoints new CEO; McDonald's vet to take the helm

Accounting Today

August 18, 2008

Copyright 2008 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** NEWS; Pg. 5; Vol. 22; No. 15

**Length:** 371 words

**Dateline:** Kansas City, Mo.

## Body

---

**H&R Block** ended an eight-month search to fill its president and chief executive posts as the tax-prep giant, headquartered here, appointed former McDonald's Corp. executive Russ Smyth to those positions.

Smyth, who formerly served as president of McDonald's Europe, succeeds Alan Bennett, who has served as interim CEO since November 2007. Smyth was scheduled to assume the Block helm August 1.

Block's former chairman and CEO, Mark Ernst, resigned last November after the company incurred losses of roughly \$737 million - largely from its troubled Option One mortgage-lending business, a division that Block divested in March. An earlier agreement to sell the hemorrhaging unit to Cerberus Capital Management had fallen through as a result of the collapse of the subprime mortgage market.

Ernst was succeeded as chair by Richard Breeden, a former Securities and Exchange Commission chair and Block investor who spearheaded a heated proxy battle to install a group of dissident shareholders on the Block board.

Breeden, whose investment fund, Breeden Capital Management, started buying shares in Block last year, was elected to the board in September, along with two associates. Breeden had argued that the company should focus on its traditional tax-prep business instead of mortgages and banking. Breeden then appointed Bennett, a former CFO at health insurance carrier Aetna, as interim CEO. Breeden remains as chairman.

Smyth, meanwhile, had a 21-year career with the fast food giant, including 13 years in financial accounting and controller positions. He worked as McDonald's European controller in London before returning to the U.S. as international controller.

"Russ has excellent experience working with a powerful brand and delivering consistently high-quality performance across a vast retail network," said Breeden in a statement.



## Block appoints new CEO; McDonald's vet to take the helm

In July, Block posted its first profitable quarter since 2006. Fourth-quarter net income was \$543.6 million, compared to a loss of \$85.6 million for the year-ago fourth quarter. Its 2008 revenues rose 10 percent to \$4.4 billion, which the company attributed to growth in its tax services business and the sale of Option One.

<http://www.accountingtoday.com>

<http://www.sourcemediacom>

**Load-Date:** August 18, 2008

---

End of Document

# Block Artspace exhibit 'Global Intimacy' touches on debates familiar in the U.S.

The Kansas City Star

February 27, 2011 Sunday

Copyright 2011 The Kansas City Star All Rights Reserved

**Section:** F; Pg. 3

**Length:** 1260 words

**Byline:** ALICE THORSON

The Kansas City Star

## Body

---

Like the Nelson-Atkins Museum of Art's recent "Through African Eyes" exhibit and the Kemper Museum's ongoing "Pattern ID" show, "Global Intimacy" at Block Artspace highlights non-Western perspectives on history and contemporary life.

Booked by Artspace director Raechell Smith, this latest show is arguably the toughest and most profound of the bunch.

The exhibit's short videos, by 10 artists from Africa, Asia, the Caribbean and the United States, offer soul-stirring views of the world beyond the bubble of American privilege.

Imagine carrying heavy buckets of water up three flights of steps to take a bath or having to cover your nose and mouth to travel around a city because the pollution is so intense.

Despite its focus on faraway locales, "Global Intimacy" cuts to the heart of current debates in the U.S. about violence, guns, big government, the recession and the need to "go green."

The exhibit was organized by South African-born Tumelo Mosaka, curator of contemporary art at the Krannert Art Museum at the University of Illinois at Urbana-Champaign, where it opened in August 2009.

At Block Artspace, Achilleka Komguem starts things off on an agitated note with his elevated view of cars, trucks, bikes and pedestrians negotiating a busy intersection with no signal in the city of Douala in his native Cameroon.

Komguem accelerated the footage to intensify the sense of peril. One braces for a collision or terrible accident, but it doesn't happen.

People manage, and none of the drivers or walkers look over their shoulders, as if following an unwritten rule to be responsible for not hitting whatever lies ahead.

Mosaka's idea for "Global Intimacy" was to counter the negative rap on globalization as a corrupting, homogenizing force that destroys local cultures.

"What is consistent among these works is the subversion of Western power by previously marginalized artists," he writes in the accompanying brochure.

Yet his selections steer clear of heavy-handed critique. By and large, the featured artists share an approach that is gentle, thoughtful, subtle and fired by compassion. By these means they bore into consciousness and remain there — the world looks different after you see this show.

The struggle of everyday life is a recurrent theme, and no one brings more poetry to the business of conveying it than Indonesian-born Tiong Ang.

For "Bandits" (2005), the artist set up his video camera and recorded individual motorcyclists and their passengers when they rolled to a stop at busy intersections in Yogyakarta, Indonesia.

Nearly all wear bandannas or kerchiefs over the faces, as if attempting to hide their identities like bandits, or, in the case of females, for religious reasons perhaps.

In fact, the practice is a response to pollution. Ang's focus not only highlights what this population must contend with, it also offers a sobering reminder of the immense task of combating global climate change.

Shot in South Africa, Ang's "Three Men" (2001) tracks the movement of three African men in the landscape. Moving toward the camera, they initially carry a vague sense of threat, reminiscent of the long shots of riders approaching from a distance in American Westerns. But our anxieties subside as they move closer, maintaining a slow, even pace as they laboriously advance up a steep hill.

The accompanying label explains that these men are laborers, who continue to face tough living and working conditions despite the end of apartheid. The film's greenish-yellow tint removes them to a netherworld, an impression reiterated by the ending. The men draw near and pass out of sight and, by implication, out of the viewer's consciousness.

Two videos by South African-born Donna Kukama shift the focus from physical privations to the inner life of the individual. Her 12-minute DVD, "Not Yet (and Nobody Knows Why Not)," shot in Nairobi, Kenya, and starring the artist herself, is a haunting bid for attention and recognition.

Throughout the film, Kukama stands still amid a moving crowd of elderly African war veterans gathered for an outdoor celebration. To them, she's all but invisible, despite the fact that her actions — she slowly and methodically uses a red lipstick to paint her entire face — amount to a silent scream.

Block Artspace exhibit 'Global Intimacy' touches on debates familiar in the U.S.

Gender and generation factor into her anomie. As Mosaka notes in the accompanying label, "the issue of exclusion and marginalization of women is still very prevalent today." In Kukama's second video, "Let Go," she stands on a rocky beach, buffeted by winds and her own existentialist struggle.

A strong element of narrative comes into play in Cuban Alex Hernandez-Duenas' "Zona Afectada" (2006), in which a young man trudges up and down three flights of stairs multiple times with heavy buckets of water.

In the Cuban city where he lives, a cistern truck delivers fresh water that residents must carry home by hand. Although the protagonist of "Zona Afectada" is a strong young man, he is almost done in by the time he enjoys his reward: a cool bath in clean water in the privacy of his apartment.

It's an amenity most Americans take for granted, just as gun violence is a fact of U.S. life.

When Western news organizations bother to cover the countries represented in this show, it's usually to report a violent event. The artists in "Global Intimacy" counter that bias, with the exception of Americans Hank Willis Thomas and Kambui Olujimi. The two collaborated to produce "Winter in America" (2005), a re-enactment of the robbery and murder of Thomas' cousin, Songha Thomas Willis.

Drawing on police reports and eyewitness accounts, Thomas and Olujimi re-created the incident using G.I. Joe action figures and stop motion animation. The toys and the soundtrack vividly convey the interplay and escalation of macho aggression that culminated in tragedy.

New York-based Mende + Keith Obadike mine pop culture and history to re-examine the trans-Atlantic slave trade. Their DVD, "Untitled (The Interesting Narrative)," combines footage from the movie "Aliens," a diagram of an 18th century slave ship, and vivid descriptions of suffering and confinement drawn from a 1789 autobiography of an African slave, Olaudah Equiano.

Born in Nigeria, Fatimah Tuggar adds a moment of diversion with her touch-screen interactive work, "Transient Transfer." Viewers can create their own digital collages on screen from Tuggar's photographs of people, architecture and assorted urban fixtures in the Bronx.

Like so many of the works in this well-chosen show, two black-and-white videos by Nigerian-born Andrew Dosunmu meld truth and poetry. Yet Dosunmu scales the heights for memorable artistry.

The referents and traditions invoked in both works will be unfamiliar to most viewers, but their hypnotic visuals connect with the subconscious.

The 53-second "Kirk Krak" is a mesmerizing portrayal of a black woman in a religious trance. The 1 1/2 -minute "Gitanes" celebrates the African spirit of freedom and the beauty of the continent's people and places.

Brimming with new information — not to mention unfamiliar artists — "Global Intimacy" does what great shows should do: it pushes us out of our comfort zone and makes us rethink things we thought we knew.

Block Artspace exhibit 'Global Intimacy' touches on debates familiar in the U.S.

ON EXHIBIT "On Screen: Global Intimacy" continues through March 31 at **H&R Block** Artspace, 16 E. 43rd St., at Kansas City Art Institute. Admission is free. Hours: noon to 5 p.m. Tuesday through Friday and 11 a.m. to 5 p.m. Saturday.

For more information, call 816-561-5563 or go to [www.kcai.edu/artspace](http://www.kcai.edu/artspace) .

To reach Alice Thorson, call 816-234-4783 or send e-mail to [athorson@kcstar.com](mailto:athorson@kcstar.com) .

**Load-Date:** February 28, 2011

---

End of Document

# Block attains a 52-week peak; CompuServe's rapid growth is thought to be energizing the stock.

Kansas City Star (Kansas & Missouri)

November 14, 1995 Tuesday

METROPOLITAN EDITION

Copyright 1995 The Kansas City Star Co.

**Section:** TUESDAY BUSINESS;

**Length:** 502 words

**Byline:** GENE MEYER, Staff Writer

## Body

---

Prices for **H&R Block** Inc. stock soared to a 52-week high last week, driven partly, analysts say, by increased public clamor to get on the worldwide information network known as the Internet.

Block's fastest-growing subsidiary, the CompuServe Inc. on-line information service, has been aggressively promoting easier, faster connections to the Internet with the former Spry Inc. operations it bought earlier this year.

Block's touched a 47 3/4 peak during trading Friday on the New York Stock Exchange before settling to a 46B , close, up 2Z v for the week.

Prices fell on Monday to close at 45C , - down 1Z v, but still the second highest close in at least six months.

Investor interest in technology stocks in general, and connections to the Internet in particular, appears to be the primary reason for the increased demand for Block shares, said Jon Braatz, an analyst at Fahnestock & Co. in Kansas City.

Block attains a 52-week peak;CompuServe's rapid growth is thought to be energizing the stock.

Around the market, rumors continue to swirl that Block may spin CompuServe off from its tax preparation and financial services operations. But Braatz said he doubts that a spinoff is in the works or that the rumors are fueling much of the current buying.

Block's top executives have declared several times in the last few months that they are keeping their options open, but have no plans for spinoff now.

"CompuServe is considered a gateway to the Internet," Braatz said.

The Internet basically is a global collection of an estimated 50,000 different computer networks connecting more than 5 million computer users, whose numbers earlier were growing as much as 15 percent monthly.

News reports this week indicate that the clamor for new information about the Internet and getting onto it have reached a fever pitch at Comdex, the nation's largest computer show, going on this week in Las Vegas. Makers of other hardware and software reportedly are miffed by the relative lack of attention paid to their traditional wares.

Also, technologically oriented companies, including many with Internet-related goods or services, have been a primary reason for a surge in new companies making their first public stock offerings this year, Wall Street analysts say.

In fact, as fast as Internet activity appears to be growing, increased competition to provide access to it may be one of the larger challenges Block and CompuServe face, said Dennis Hudson, research chief at George K. Baum & Co. in Kansas City.

CompuServe plans to grow aggressively. The company said in September it planned to increase its subscriber base then by 40 percent, or 5 million users, by May 1.

Block attains a 52-week peak;CompuServe's rapid growth is thought to be energizing the stock.

What's unclear is how many of CompuServe's new customers are signing up for on-line information services that only CompuServe can provide and how many simply want quick easy access to the Internet that an aggressive competitor also could provide, Hudson said.

## Graphic

---

Graphic, Kansas City Stock index; The Star; Source: Dunn and Bradstreet

**Load-Date:** November 14, 1995

---

End of Document



# Block beats analysts, records first-ever profit in third quarter

The Associated Press State & Local Wire

February 27, 2001, Tuesday, BC cycle

Copyright 2001 Associated Press All Rights Reserved

**Section:** Business News

**Length:** 273 words

**Dateline:** KANSAS CITY, Mo.

## Body

---

Growth in early tax filings helped **H&R Block** Inc. record a third-quarter profit for the first time in the company's history, beating forecasts by analysts who predicted losses.

The company reported Tuesday that earnings for the third quarter ending Jan. 31 were \$5.6 million, or 6 cents per share, compared with a net loss of \$7.1 million, or 7 cents per share, in the third quarter of last year.

Analysts surveyed by First Call/Thomson Financial had predicted the company would lose 20 cents a share in the third quarter.

The company has historically reported losses in the first three quarters and a profit in the fourth quarter because of the seasonal nature of the tax business.

Block released the quarterly report after Tuesday's session of the New York Stock Exchange, where the company's shares rose 76 cents to \$45.45.

Mark A. Ernst, president and chief executive officer, said an increase in the number of tax filings in late January, rather than in early February, contributed to the good financial news.

"While this early tax season surge has shifted some revenue from the fourth quarter to the third quarter, overall trends indicate that we are on track to deliver results for the full year that we believe will meet our previously announced revenue and earnings targets," Ernst said.

Revenue for the quarter increased 29 percent to \$661.4 million, compared with \$512.5 million for last year's third quarter.

The company's core business, its U.S. tax operations, reported revenues of \$327.3 million, a 37.6 percent increase over last year's \$89.5 million. Earnings improved to \$7.4 million, compared to a loss of \$29.4 million last year.

Block beats analysts, records first-ever profit in third quarter

**Load-Date:** February 28, 2001

---

End of Document

# Block board votes to elect all directors annually

Kansas City Business Journal (Kansas & Missouri)

August 13, 2007 Monday

Copyright 2007 American City Business Journals, Inc. All Rights Reserved

**Length:** 246 words

## Body

---

**H&R Block** Inc.'s board voted to eliminate its staggered structure starting with its 2008 annual meeting.

In a release Monday, Kansas City-based Block (NYSE: HRB) said that its board's action followed discussions with several of the company's biggest institutional shareholders. Block said it plans to have a special shareholders meeting before Dec. 31 to seek shareholder approval of an amendment to Block's articles of incorporation necessary to change the board's structure.

On Thursday, Block shareholder Breeden Partners LP outlined its plan to bring Block's shareholders more value, including the admonition that Block institute majority voting for all directors annually.

In Monday's release, Block said that its board adopted a bylaw amendment requiring incumbent directors to resign from any part of a current term that extends beyond the 2008 annual meeting to ensure that the board is fully declassified starting with that meeting.

"Eliminating our classified board structure will further enhance **H&R Block's** strong corporate governance practices," Block Chairman Mark Ernst said in the release. "Under our proposed new structure, each board member would be voted on by shareholders every year. Based upon my discussions with several of our largest shareholders over the last several weeks, we feel that this level of accountability is in the best interests of all our shareholders."

Block ranks No. 3 on the Kansas City Business Journal's list of area public companies.

**Load-Date:** August 13, 2007

---

End of Document

# **Block boasts billion-dollar tax revenue; Advances show potential for growth, company says.**

Kansas City Star (Kansas & Missouri)

May 2, 1996 Thursday

METROPOLITAN EDITION

Copyright 1996 The Kansas City Star Co.

**Section:** BUSINESS;

**Length:** 261 words

**Byline:** GENE MEYER, Staff Writer

## **Body**

---

**H&R Block Inc.**, in news that its future without its fast-growing CompuServe Corp. subsidiary could be rosy, on Wednesday reported record revenues from its tax preparation business.

The Kansas City tax and information services giant said its tax service revenues leaped to \$ 1.2 billion during the year that ended April 30.

That represents an 11.1 percent rebound from a year ago, when a change in Internal Revenue Service filing procedures created an unusual drop in the fees Block received for preparing and filing clients' tax returns.

Block preparers served an estimated 17.4 million taxpayers through its U.S., Canadian and overseas offices, the company said.

More clients than in previous years came to Block for both preparation and filing services, but fewer brought in home-prepared returns for filing only.

Block last month sold 20 percent of its on-line service company, CompuServe Corp., in an initial public offering. Block is expected to

Block boasts billion-dollar tax revenue;Advances show potentialfor growth, company says.

spin or split off the balance of CompuServe within 12 months in order to focus on its tax-related enterprises.

Full financial results for tax and other operations will be reported in a few weeks. But the preliminary figures released Wednesday appeared to be encouraging, said Dennis Hudson, an analyst at George K. Baum & Co. in Kansas City.

"They show that Block's big market share in electronic filing is a definite advantage and that Block, without CompuServe can still be a growth company," Hudson said.

**Load-Date:** May 2, 1996

---

End of Document

# Block books Super Bowl ad spot

The Kansas City Star

December 5, 2003 Friday 1 EDITION

Copyright 2003 The Kansas City Star All Rights Reserved

**Section:** C; Pg. 1

**Length:** 510 words

**Byline:** By JENNIFER MANN; The Kansas City Star

## Body

---

**H&R Block** Inc. is returning to the biggest advertising venue of the year, with a 30-second spot to run in the first quarter of Super Bowl XXXVIII.

The financial services company on Thursday did not reveal many details about its third appearance in what has become the Super Bowl of football and advertising, including how much it paid for the spot.

Advertising trade publication Adweek reported in its Nov. 24 edition that CBS, which will broadcast the game from Houston on Feb. 1, is getting an average of \$2.3 million per 30-second spot, up slightly from \$2.1 million to \$2.2 million received last year by ABC.

Brenda Hinkle, Block's director of creative services, did say that the tax preparation giant would take a humorous tack -- perhaps in the same vein as its 2003 Super Bowl commercial that dealt with Willie Nelson and his well-known tax woes.

That spot opened with Nelson meeting with his agent and turning down an offer to promote a shaving cream brand. The singer capitulates after meeting with his accountant and learning he owes a boatload of back taxes.

Nelson was seen as a natural for the spot; in reality he was pursued by the Internal Revenue Service for payment of taxes after it disallowed a tax shelter.

The Super Bowl spot generated a lot of extra publicity for the company in terms of pre- and post-game coverage by the media, something Block hopes will be repeated. The spot was also fairly well received by advertising critics, who noted that Nelson was a comical and logical choice to talk about tax troubles.

Hinkle said Block was in final negotiations with one or more well-known stars for an appearance in Super Bowl XXXVIII, but she declined to say who would be starring in the commercial or whether Nelson would be make a repeat appearance.

## Block books Super Bowl ad spot

The Willie Nelson spot was a vast departure from Block's first appearance in the Super Bowl, when it tapped well-known directors Joel and Ethan Coen of "Fargo" and "O Brother, Where Art Thou?" fame, who produced a dark, brooding, humorless commercial that was mostly panned by the critics.

The new Super Bowl spot will focus on Block's Advantage program, which provides customers with summaries and recommendations tackling taxes, mortgages, investments and other financial issues.

Hinkle said Block and its agency, Campbell Mithun of Minneapolis, were nearing the end of the concept phase of developing the commercial and hoped to be in production in a couple weeks. But if Block is like many Super Bowl advertisers, the work may not be wrapped up until a couple weeks before the big game, or in some extreme instances, a couple days beforehand.

She added that the timing of the Super Bowl tied in perfectly with the start of tax season and that the demographics of the game covered a wide spectrum of consumers.

"It's a marquee event," Hinkle said. "We had great success last year with a humorous approach...this year we have a story that unfolds that drives our mission of being a financial partner with our clients."

To reach Jennifer Mann,

call (816) 234-4453, or send

e-mail to [jmann@kcstar.com](mailto:jmann@kcstar.com)

**Load-Date:** December 5, 2003

---

End of Document

# BLOCK BORROWS A FAST \$250M

The New York Post

September 26, 2007 Wednesday

Copyright 2007 N.Y.P. Holdings, Inc. All Rights Reserved

**Section:** All Editions; Pg. 40

**Length:** 201 words

**Byline:** ZACHERY KOUWE

## Body

---

Tax preparer **H&R Block** yesterday tapped \$250 million in emergency loans - its fifth dip into the well since mid-August - in another sign that short-term borrowing continues to be a problem for the company.

**H&R Block**, which is fighting to prop up the sale of its subprime mortgage unit, has now tapped nearly \$1.45 billion of emergency financing. The cash will go to pay off more than 90 percent of the short-term debt that creditors refused to refinance last month.

The financing is enough to bolster **H&R Block's** working capital by \$350 million and repay all but \$100 million of the \$1.2 billion of commercial paper the company had outstanding as of July 31.

The company has agreed to sell its Option One subprime mortgage lending unit to giant hedge fund Cerberus Capital Management, but that sale is being renegotiated since the credit meltdown.

**H&R Block** shares rose 7 cents to \$20.84 yesterday. They have dropped nearly 10 percent this year.

The bank financing is designed to provide a "more stable source of funds" than the commercial-paper borrowings, **H&R Block** said yesterday in a filing.

More than 1,000 jobs at Option One have been eliminated this year as **H&R Block** tries to sell the business.

**Load-Date:** September 26, 2007

---

End of Document



# Block buying company of CPAs

## Tax preparer agrees to acquire McGladrey, Pullen

Kansas City Star (Kansas & Missouri)

June 30, 1999 Wednesday

METROPOLITAN EDITION

Copyright 1999 The Kansas City Star Co.

**Section:** BUSINESS;

**Length:** 859 words

**Byline:** GENE MEYER, The Kansas City Star

### Body

---

**H&R Block** Inc. on Tuesday announced an agreement to acquire McGladrey & Pullen LLP, the nation's seventh-largest accounting firm, in a transaction valued at \$ 290 million.

The transaction represents the largest acquisition in Block's history and the largest takeover of an accounting firm by a non-accounting firm in U.S. history, the two companies said.

More significant, the transaction dramatically increases Block's capacity to provide a wider range of services to small and medium-size businesses across the nation. The purchase also will allow Block to reach markets that aren't much served by its tax preparation offices, security analysts said.

Block's preparers already fill out about 13 percent of the income tax returns that taxpayers file each year, compared with 23 percent filled out by an estimated 46,000 certified public accountant firms in the United States, according to industry estimates.

Block had been negotiating with Minneapolis-based McGladrey since February. Under the buyout terms, Block will pay \$ 240 million in cash

Block buying company of CPAsTax preparer agrees to acquire McGladrey, Pullen and assume \$ 50 million of McGladrey debt.

Block and McGladrey intend to combine Block's financial muscle with McGladrey's expertise at providing mostly medium-size businesses a wide range of individually tailored financial and consulting services that big CPA firms cannot economically provide.

The combination "significantly accelerates our shared strategy of building an industry-leading firm," said Frank L. Salizzoni, Block's president and chief executive.

"With this solid foundation in place, we will continue to expand," he said.

Block during the last 13 months has bought seven other small regional CPA firms and a group of smaller specialty service providers. They all serve primarily small and middle-size businesses in Kansas City, Chicago, Indianapolis, Philadelphia, Dallas, Baltimore and Buffalo, N.Y.

Two broadly similar competitors, American Express Co. and Century Business Services, also have been acquiring or affiliating with scores of local CPA and other firms across the nation, though they don't yet appear to be going after precisely the same market as Block, said Paul Mackey, a securities analyst with Buckingham Research Group in New York.

Acquiring McGladrey, however, vaults Block over those competitors to sixth-largest among CPA firms.

"This is way beyond bookkeeping for the blue-collar crowd," Mackey said.

More important, the transaction provides Block an immediate national base, with international connections, in enterprises where it barely had a toehold before the buying began, Mackey said.

McGladrey serves clients from 63 offices across the United States, with links to 82 other independently owned CPA firms and 400

Block buying company of CPAsTax preparer agrees to acquire McGladrey, Pullen

other firms in 75 countries.

When the newest acquisition is fully integrated with the other smaller firms Block has acquired, the operation will become known as RSM McGladrey and have a national business services and consulting network.

The new network will have more than 470 managing directors in 70 offices and nearly 4,000 employees nationwide.

"It extends the Block brand and helps gain recognition for the company as a powerhouse in financial services," said Peter Heckmann, analyst at George K. Baum & Co. in Kansas City.

Block still intends to extend these business service and consulting operations to the nation's 25 largest markets, Salizzoni said, and "we have a ways to go."

Shares in Block closed Tuesday at 49B zn, down B zn.

To reach Gene Meyer, call (816) 234-4883 or send e-mail to [gmeyer@kcstar.com](mailto:gmeyer@kcstar.com)

#### Ranking firms

A handful of U.S. national and regional accounting firms dominate a field in which an estimated 46,000 firms practice.

1. Arthur Andersen	\$ 6.8 billion
2. Pricewaterhouse Coopers	\$ 5.7 billion
3. Ernst & Young	\$ 4.9 billion
4. Deloitte Touche	\$ 4.2 billion
5. KPMG	\$ 3.6 billion
6. Grant Thornton	\$ 336 million
7. McGladrey & Pullen	\$ 296 million
8. Century Business Services	\$ 260 million

Block buying company of CPAsTax preparer agrees to acquire McGladrey, Pullen

9. BDO Seidman \$ 250 million

10. American Express Tax & Business Services \$ 163 million

(Ranking based on most recent fiscal year revenues.)

Neil Nakahodo/The Kansas City Star; Sources: Bowman's Accounting  
Report and the American Institute of Certified Public Accountants

**Load-Date:** June 30, 1999

---

End of Document

# BLOCK BUYS CURATOLO AGENCY

Buffalo News (New York)

October 29, 1996, Tuesday, CITY EDITION

Copyright 1996 The Buffalo News

**Section:** BUSINESS, Pg. 7D-

**Length:** 46 words

## Body

---

**H&R Block** has acquired the A.J. Curatolo Tax Agency at 3980 Sheridan Drive in Amherst, the tax preparation firm said. C.J. Gianiodis, a former Internal Revenue Service agent who worked for the Curatolo agency, also has joined Block at its 3166 Sheridan Drive office in Amherst.

**Load-Date:** October 31, 1996

---

End of Document

## Block buys Fleet unit

The Patriot Ledger (Quincy, MA)

April 17, 1997 Thursday

ROP Edition

Copyright 1997 The Patriot Ledger

**Section:** BUSINESS;

**Length:** 29 words

### Body

---

KANSAS CITY -- **H&R Block** Inc. said it has agreed to buy mortgage loan operations targeting borrowers with poor credit records from Fleet Financial Group Inc. for \$ 190 million.

**Load-Date:** April 23, 1997

---

End of Document

# Block buys into Chicago company

## Tax preparer planning to build consulting and accounting business.

Kansas City Star (Kansas & Missouri)

September 5, 1998 Saturday

METROPOLITAN EDITION

Copyright 1998 The Kansas City Star Co.

**Section:** BUSINESS;

**Length:** 253 words

**Byline:** JENNIFER MANN, Staff Writer

### Body

---

Tax preparer **H&R Block** Inc. of Kansas City has bought most of the assets of the accounting firm Friedman Eisenstein Raemer & Schwartz LLP and three affiliated firms in a bid to build a consulting and accounting business.

Friedman, founded in 1972, is based in Chicago.

There are 28

Friedman partners and 175 full-time employees who provide accounting, tax and consulting services to individuals and small- to medium-sized businesses.

Included in the purchase are the assets of Essex LLC, an investment adviser with about \$ 100 million under management, and FERS Personal Financial Services LLC, a financial planner and investment adviser.

Also, Block gets the assets of Practice Development Institute LLC, which publishes financial planning guides and marketing newsletters and provides consulting and marketing services to about 2,000 accounting firms.

Block buys into Chicago companyTax preparer planning to build consulting and accounting business.

The businesses will continue to operate out of Chicago.

"This will be an important acquisition for **H&R Block** and a significant step toward our goal to diversify the company and build a national accounting and consulting practice," said Frank L.

Salizzoni, **H&R Block** president and chief executive officer.

Terms of the acquisition, which is being made through Block's HRB Business Services Inc. division, weren't disclosed. However, the company said the acquisition is being funded with internal cash.

**Load-Date:** September 5, 1998

---

End of Document



# **Block call center to celebrate opening It houses support services for tax preparer**

Kansas City Star (Kansas & Missouri)

December 7, 1999 Tuesday

METROPOLITAN EDITION

Copyright 1999 The Kansas City Star Co.

**Section:** TUESDAY BUSINESS;

**Length:** 357 words

**Byline:** MARK P. COUCH, The Kansas City Star

## **Body**

---

**H&R Block** Inc.'s new call center near the east end of Brush Creek will celebrate its grand opening Thursday.

The \$ 20 million building holds workers who handle calls from Block employees with computer problems. The support services are available to workers in Block's 8,000 field offices.

The Kansas City-based tax preparation firm will have 200 full-time employees at the facility, and an additional 600 temporary employees during the tax season.

The property includes a 15,000-square-foot warehouse, a computer hardware repair facility, an employee training area, a cafeteria, and floor-to-ceiling windows offering a view of Brush Creek and surrounding parkland.

The 84,000-square-foot office building at 4400 Blue Parkway is one of the first projects in the Brush Creek Corridor tax increment financing district.

Community Builders of Kansas City, a nonprofit affiliate of Swope

Block call center to celebrate openingIt houses support services for tax preparer

Parkway Health Center, is the developer of the project.

Frank Ellis, president of Community Builders, said the developer

put the project on a fast track so it would be operating before **H&R**

**Block's** peak business season.

"This is a true community success story," Ellis said. "Many organizations came together and worked in a short period of time to redevelop the site."

Terry Ward, assistant to the chairman for **H&R Block**, could not be reached for comment Monday.

Before the construction, the site had been covered with a scrap yard and vacant houses. Ellis said Community Builders began the project in February.

The site is receiving tax abatement and is in a tax increment financing district. Some of the earnings, utility and sales taxes generated by the site will be channeled back to help pay for the development.

Ellis said Community Builders hoped the Block building would be a catalyst for future development in the area.

To reach Mark P. Couch, development reporter, call (816) 234-4289 or send e-mail to [mcouch@kcstar.com](mailto:mcouch@kcstar.com)

## Graphic

---

Photo

, Gene McMahon (lower left) worked Monday at the new **H&R**

**Block** call center at 4400 Blue Parkway. The facility will have 200 full-time employees and an additional 600 temporary employees during the tax season.; KEVIN ANDERSON/The Kansas City Star

Block call center to celebrate openingIt houses support services for tax preparer

**Load-Date:** December 8, 1999

---

End of Document

# Block CEO on Thrift's Value; Client acquisition, products for tax business

American Banker

September 8, 2008 Monday

Copyright 2008 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** CARDS; Pg. 1; Vol. 173; No. 173

**Length:** 853 words

**Byline:** Maria Aspan

## Body

---

Russ Smyth, the new chief executive and president of **H&R Block Inc.**, says he wants not only to keep its thrift - whose fate has been uncertain for a year - but also to expand its product lines and customer base.

"We have no plans to sell the bank," Mr. Smyth said in an interview Friday. "We think it's an important part of our strategic plan to grow our retail tax business."

He stopped well short of signaling a return to the expansive "everyday financial services" strategy of his predecessor Mark Ernst, who resigned in November. When asked to describe his vision for **H&R Block's** financial services, Mr. Smyth replied, "We're a tax company."

Last week was the first time Mr. Smyth shared his thoughts on the \$1 billion-asset thrift, and on financial services, since joining **H&R Block** on Aug. 1. His remarks varied in tone from those of Richard Breeden, who advocated selling the thrift when he was a dissident shareholder and has expressed mixed feelings about it since becoming chairman in November.

The thrift lets **H&R Block** directly offer its Emerald prepaid debit cards and lines of credit, which have proven popular with tax customers. The Kansas City, Mo., company issued more than 2.6 million of the cards during the fiscal year that ended April 30, and Mr. Smyth said he plans to be "aggressive" about increasing that volume and the thrift's offerings.

"Right now our biggest focus for the coming 12 months is on the Emerald card and some of the existing products, and leveraging and scaling those more rapidly," he said. "There's always a lot of product development in the works," but the new offerings will be unveiled around "tax season [in] 2010 and beyond," he said.

Mr. Smyth also said he hopes to expand the card's role from a customer-retention to a customer-acquisition tool for the tax business. "We think that by touching customers year-round it's going to help us," he said. "If people currently

are not tax customers but we can get them with an Emerald card, and [they] understand our brand and our flexibility, then that's a way into having them become retail tax customers."

Mr. Smyth said he also plans to expand the cardholder base beyond the underbanked to college students and "anybody else who has a debit card today" who could be a tax client. (He said he planned to give an Emerald card to his son, a college freshman, "so that we can let him run on his own but control the amount of money that goes into it. I'd rather do that than put him on one of my own personal cards.")

When asked whether he is committed to keeping the thrift for the long term, Mr. Smyth said, "Never say 'never.' " But he later said, "We have no plans to sell it, we have not entertained ideas, we're not thinking about it."

As chairman, Mr. Breeden has unloaded the unprofitable subprime mortgage and financial advisory businesses that Mr. Ernst built up. When Mr. Breeden was campaigning for a board seat last year, he advocated that **H&R Block** offer products like the Emerald card through third parties. Mr. Smyth said Friday that this is a much less attractive option - one that **H&R Block** had tried in less than successful pilot tests.

"We keep an open mind on financial partners," he said. But "our bank has done a far superior job in terms of delivering tailored products that work for us operationally, with better speed-to-market than any other bank has been able to do - and more cost-effective than any other bank has been able to do."

On a conference call last week - Mr. Smyth's first since he became CEO - he told analysts, "We don't see the bank as a core independent area of business. ... That doesn't mean the bank will be disposed of, or that it isn't important. It is just that we see the repositioned bank as really a factory for creating products that will be used in support of the tax business."

Matthew Kaufler, a portfolio manager for Clover Capital Management Inc., said he interpreted Mr. Smyth's remarks on the call as "a statement of near-term support" for continuing to own the thrift, but "I don't see it as a statement of unequivocal support."

Selling the thrift is "not a priority, but if they could figure out a way to get out of the bank business in an economically efficient manner," while still offering the Emerald products, "they'd gladly do it," Mr. Kaufler said.

The thrift swung to a pretax loss of \$14.1 million in **H&R Block's** fiscal first quarter, which ended July 31, from a year-earlier profit of \$4.8 million. Rising foreclosures and declining home values caused the unit to write down foreclosed properties by \$5 million and set aside \$15 million of loan-loss reserves.

Mr. Smyth cautioned Friday against letting mortgage problems "overshadow" the thrift's value.

"Don't judge the bank by" its results "today, because we're still unwinding ourselves out of the mortgage business," he said. "If you separate out the mortgage piece of the bank, they actually perform extremely well financially."

Mr. Smyth, 51, worked for 21 years at McDonald's Corp. and resigned as its president for Europe in 2005. Since then he worked at private-equity firms and was on several companies' boards.

Block CEO on Thrift's Value; Client acquisition, products for tax business

<http://www.americanbanker.com/>

**Load-Date:** September 5, 2008

---

End of Document

# Block CEO turns down bonus, raise

Kansas City Business Journal (Kansas & Missouri)

June 13, 2006 Tuesday

Copyright 2006 American City Business Journals, Inc. All Rights Reserved

Length: 433 words

## Body

---

**H&R Block Inc.** CEO Mark Ernst declined his year-end bonus and turned down a raise for next year, the company said in a filing late Tuesday afternoon.

In a filing with the Securities and Exchange Commission, the Kansas City-based tax preparation giant (NYSE: HRB) said Ernst had earned a cash bonus under the company's short-term incentive program, but that "he declined such award."

The filing also said Ernst declined an increase in base salary for the fiscal year that began April 30, instead choosing to keep the previous year's salary of \$860,000.

Ernst did accept some stock options awarded under the company's long-term incentive program, the filing said.

Ernst told the board he would decline a bonus and raise before they began deliberating what those figures might be, spokesman Nick Iammartino said. Based on the company's bonus formula, he could have been eligible for a bonus of as much as \$732,000.

"Basically, as CEO, he believes he's accountable to shareholders and associates," Iammartino said. "He doesn't believe he delivered fully last year. (Financial) results did not meet his expectations."

Several other Block executives chose to accept their year-end bonuses, the company's filing showed.

CFO William Trubeck received \$185,000; Robert Dubrish, head of the company's struggling mortgage unit, received \$75,000; Steven Tait, president of business services, received \$300,000; and Nicholas Spaeth, the company's chief legal officer, received \$93,000.

Block, which announced on June 7 that its fiscal 2006 profits had fallen 21 percent despite record revenue, has been weathering a series of negative news stories.

The company faces numerous class-action lawsuits and a suit filed by New York Attorney General Eliot Spitzer in connection with the company's Express Individual Retirement Account product, which the lawsuits contend were

## Block CEO turns down bonus, raise

aggressively pushed by Block tax preparers without adequate disclosures about high maintenance fees and low returns.

The company also faces a lawsuit brought in February by California Attorney General Bill Lockyear on behalf of mostly low-income state residents who took out high-cost refund-anticipation loans. The controversial loans have resulted in several lawsuits, and the company already has paid out millions of dollars in settlements.

Two new lawsuits were filed last week by shareholders alleging ethical and legal wrongdoing by the company's top management.

In February, Block had to revise past earnings statements because of errors in computing its state income taxes -- an embarrassing move for the nation's largest tax preparation company.

**Load-Date:** August 15, 2006

---

End of Document



# Block chief talks up plans for bank; KC TAX PREPARER HAS APPLIED FOR FEDERAL THRIFT CHARTER

The Kansas City Star

June 24, 2005 Friday 1 EDITION

Copyright 2005 The Kansas City Star All Rights Reserved

**Section:** C; Pg. 1

**Length:** 389 words

## Body

---

**H&R Block** Inc.'s push into banking won't be flashy, Mark Ernst, the company's chairman and chief executive, hinted Thursday.

The company wants to find ways to help tax service clients use the Kansas City corporation's other financial services to save as much of their tax refunds as possible, Ernst told securities analysts meeting in Chicago.

One new outlet for those savings that Block wants to offer a year from now is a "not traditional, very low-cost banking platform," Ernst said.

He provided few details of the plan, which would require federal regulatory approval. Other company spokesmen say many details won't be worked out until the Treasury's Office of Thrift Supervision and the Federal Deposit Insurance Corp. decide on Block's application for a charter.

Block disclosed this month that it had applied for what's known as a thrift charter for a one-location bank based in Kansas City.

Banking is a potentially huge expansion for Block. Through business alliances with chartered financial institutions, the company already tends more than \$1 billion in customers' funds, money that is divided among investment accounts at its financial advisers arm, mortgage deposits generated by home loans, and retirement savings in Individual Retirement Accounts that tax customers have opened.

Having a bank charter, and consequently the ability to deal directly and exclusively with depositors, would allow Block to keep more of that business and income instead of sharing it with partners.

Block hopes to open the bank before April 30, Ernst said Thursday.

Block chief talks up plans for bank; KC TAX PREPARER HAS APPLIED FOR FEDERAL THRIFT CHARTER

In disclosing the charter application earlier this month, Ernst told analysts that executives were trying to design new ways to provide banking services to large numbers of tax service clients who don't use traditional banks much.

Block joined with Bank of America to set up low-cost, limited-use bank accounts with debit cards so that tax customers who normally didn't use traditional bank accounts could pick up refunds faster without paying check cashing or refund loan fees.

First glance

The bank that **H&R Block** hopes to open in Kansas City would offer tax-service customers a place to park their refunds.

Mark Ernst, Block's chairman and CEO, gives securities analysts a few more details about the plan.

To reach Gene Meyer, call ( 816) 234-4883 or send e-mail to [gmeyer@kcstar.com](mailto:gmeyer@kcstar.com)

**Load-Date:** June 24, 2005

---

End of Document

# Block cinches McGladrey deal

ACCOUNTING TODAY

July 26, 1999 - August 8, 1999

Copyright 1999 Faulkner & Gray, a Division of Thomson Information Services, Inc., a New York Corporation

**Length:** 568 words

**Byline:** By John Fuller

**Highlight:** Acquisition makes Block national powerhouse in professional services

## Body

---

Kansas City, Mo. - In an effort to expand its financial services scope into the middle market, **H&R Block** has acquired the non-attest assets of \$ 300 million Bloomington, Minn.-based McGladrey & Pullen for \$ 240 million in cash payments over the next four years. The acquisition, which is expected to be completed in August subject to regulatory approval, is Block's eighth acquisition of a CPA firm since the formation of HRB Business Services Inc., in May 1998. The deal means that Block will also assume pension liabilities of \$ 50 million. McGladrey's attest business will be unaffected by the acquisition.

Block plans to merge McGladrey and HRB Business Services, which is separate from its tax prep business, into RSM McGladrey Inc., which will have over 470 managing directors and about 4,000 employees in about 70 offices. McGladrey will still maintain ties to RSM International, an international accounting and consulting firm with 400 offices in 75 countries.

The deal fits in with Block's strategy to become a major force in financial services. Since the summer of 1997, Block has been expanding its services to offer mortgage origination, financial planning and consulting services.

Analyst Alexander Paris Jr. of Chicago-based Barrington Research said that, although Block has acquired seven firms, this is the first firm of McGladrey's size - the nation's ninth largest - that it has rolled up, giving them an advantage over the competition.

"It wasn't a surprise," Paris said. "The acquisition gives them a national presence and a unified banner under RSM. For a latecomer to rollups it really catches them up quickly."

## Block cinches McGladrey deal

In the works since February, the merger makes Block the nation's largest accounting consolidator, leading American Express and Century Business Services in revenue.

Paris said that Block's plan to break into the middle market appears to be solid and the addition of Mark Ernst, former American Express senior vice president, last fall will also help them in their expansion efforts.

And with Block president and chief executive officer Frank Salizzoni announcing plans to retire in the next two years, the company's executive vice president and chief operating officer appears to be heir apparent to the Block empire and is a seasoned consolidator, according to the analyst.

McGladrey managing partner Mark Scally will head up the new consolidator and sees the merger as the key to building a lucrative niche in the growing middle market, which he defines as companies generating about \$ 125 million.

"The absolute number of companies who are entering the middle market is growing because the absolute number of smaller companies in this country is growing and some of them gravitate to middle-market companies," he said. "Consequently, the sophistication of their needs is increasing."

Scally attributed the delay in inking the deal to the complexity involved in the sale of a top 10 firm with over 375 partners, including coping with partnership approval and regulatory issues.

Scally believes that working with Block will give RSM access to the capital that it needs to invest in products specifically tailored to their target market and to dominate it.

"We plan on leading this segment of the market and in order to do that you have to be in the top 25 markets," Scally said. "Block gives us the resources to be able to invest deeply in things that the middle market wants."

**Load-Date:** July 26, 1999

---

End of Document

# Block claims victory in refund loan case

The Kansas City Star

March 31, 2004 Wednesday

Copyright 2004 The Kansas City Star All Rights Reserved

**Section:** ;Pg.

**Length:** 186 words

## Body

---

Kansas City-based **H&R Block Inc.**, the nation's leading tax-preparation company, today said it won a "significant victory" in the U.S. District Court for the Northern District of Illinois over so-called refund anticipation loans.

Block said the judge in the case threw out all but one of the plaintiffs' claims on Tuesday and that a single federal count is all that remains.

"We are very pleased that the ruling by Judge Elaine Bucklo threw out all but one of the numerous claims made by the plaintiffs," said Nicholas Spaeth, senior vice president and general counsel for **H&R Block**. "The judge will require the plaintiffs to present evidence to support the remaining claim, and we believe there is not the evidence to support it."

The company said the remaining claim, a federal RICO count, remains only because the Bucklo, for purposes of this hearing, must accept as true the assertions in the complaint even before the plaintiffs have presented any evidence.

Bucklo also eliminated a large portion of the class by ruling that arbitration clauses contained in many of the loan contracts signed by clients are enforceable.

**Load-Date:** March 31, 2004

---

End of Document

# Block completes Option One sale, pays off credit lines

The Kansas City Star

May 2, 2008 Friday

Copyright 2008 The Kansas City Star All Rights Reserved

**Section:** C; Pg. 3

**Length:** 177 words

## Body

---

**H&R Block Inc.** said Thursday it had completed the sale of **Option One Mortgage Corp.**'s servicing business to an affiliate of billionaire investor Wilbur Ross' **WL Ross & Co. LLC** for \$1.3 billion.

Block said it realized a net \$230 million after using \$980 million of the gross proceeds to repay debt related to Option One. The company said that separately, it also used operating revenue to pay off \$1.1 billion in revolving credit balances that were used primarily to fund the opening of its tax service operations for the recently ended filing season.

Paying off the Option One debt and the credit line balances reduces Block's short-term indebtedness to zero, the company said.

Block has been winding down its Option One subprime mortgage business since late last year. WL Ross, which specializes in buying distressed businesses, is folding its newly acquired Option One operations into an existing mortgage servicing company, **American Home Mortgage Investment Corp.**, which will become the nation's second largest servicer of subprime loans.

| Gene Meyer, gmeyer@kcstar.com

**Load-Date:** May 2, 2008

---

End of Document

# Block Completes Sale of CompuServe

Associated Press Online

February 02, 1998; Monday 12:26 Eastern Time

Copyright 1998 Associated Press All Rights Reserved

**Section:** Financial pages

**Length:** 283 words

**Dateline:** KANSAS CITY, Mo.

## Body

---

**H&R Block** has completed its deal to sell CompuServe Corp. to WorldCom Inc. in a stock-for-stock transaction worth \$1.3 billion, the company announced today.

The deal was sealed on Saturday after CompuServe shareholders approved the sale Friday of the first online service provider to WorldCom, a global telecommunications company.

WorldCom, in turn, then traded CompuServe's content and subscribers to CompuServe's rival, America Online Inc.

"Completing this transaction enables us to focus on one important goal the growth of our tax and financial services business," said Frank L. Salizzoni, president and chief executive officer if Kansas City-based **H&R Block**, in a prepared statement.

**H&R Block**, the world's largest tax-preparation service, now holds about a 3 percent stake in WorldCom, and is evaluating various options to convert its holdings into cash, the company said.

Proceeds of the CompuServe sale will be used to fund Block's office network expansion and the introduction of new financial products and services.

Besides CompuServe subscribers and content, AOL gets \$175 million from WorldCom. In exchange, WorldCom will get AOL's ANS Communications division, which provides Internet access mainly for large business customers. WorldCom also gets a five-year contract to service AOL's network customers.

WorldCom, based in Jacksonville, Miss., operates in more than 50 countries and provides integrated local, long distance, International and Internet services.

(PROFILE

(CO:Block, H&R; TS:HRB; IG:HOU;)

## Block Completes Sale of CompuServe

(CO:CompuServe Corporation; TS:CSRV; IG:SVC;)

(CO:WorldCom Inc; TS:WCOM; IG:TLS;)

(CO:America Online Inc; TS:AOL; IG:SVC;)

(CAT:Business;)

(CAT:Consumer;)

(CAT:Utilities;)

)

**Load-Date:** February 2, 1998

---

End of Document



# Block completes sale of Option One servicing business

The Kansas City Star

May 1, 2008 Thursday

Copyright 2008 The Kansas City Star All Rights Reserved

**Length:** 46 words

## Body

---

**H&R Block Inc.** has completed the sale of **Option One Mortgage Corp.**'s servicing business to **WL Ross & Co.**

Net cash proceeds were more than \$230 million, Block said in a statement.

Block has been winding down its Option One subprime mortgage business since late last year.

| The Star

**Load-Date:** May 1, 2008

---

End of Document

# Block cuts earnings forecast despite better tax-prep results

Kansas City Business Journal (Kansas & Missouri)

May 10, 2006 Wednesday

Copyright 2006 American City Business Journals, Inc. All Rights Reserved

Length: 308 words

## Body

---

**H&R Block** Inc. reported higher fees for the 2006 tax season Wednesday but lowered its earnings forecast for the year, citing weak performance in its mortgage services segment.

In a release, the Kansas City-based company (NYSE: HRB) said it had revised its 2006 earnings-per-share forecast to "slightly below the \$1.65 low end" of its prior forecast.

Five analysts surveyed by Thomson First Call reported a consensus earnings estimate of \$1.70 a share for the year.

The company said in the release that its lower earnings forecast excludes the effect of previously announced charges to resolve refund-anticipation loan litigation and related fees and charges to consolidate some mortgage operations.

On Wednesday, Block reported 2006 tax-preparation and related fees of \$2.46 billion, up 4.5 percent from \$2.36 billion last year.

The company served 19 million clients in the 2006 tax season, which ran from Jan. 1 to April 18. This is a 1.4 percent increase from 18.7 million clients during last year's tax season.

Block served 15.4 million clients at its retail offices, down 2 percent from 15.7 million clients last year.

The company's average fee per client was \$160.01, up 6.6 percent from \$150.13 for the comparable period last year.

Block had 12,165 offices in the 2006 tax season, up 9 percent from 11,161 offices last year.

On April 20, Block said that it and Beneficial National Bank would pay \$39 million combined to settle a 1998 nationwide federal class-action lawsuit in Chicago involving Block's refund-anticipation loans.

## Block cuts earnings forecast despite better tax-prep results

On Monday , New York Attorney General Eliot Spitzer amended an earlier lawsuit against Block, alleging that company executives ignored its tax preparers' concerns about misleading marketing of Block's Individual Retirement Account and told the employees to put a positive spin on the product when pitching it to customers.

**Load-Date:** August 15, 2006

---

End of Document

# Block dedicates new headquarters; 140,000-square-foot facility solidifies firm's Main Street presence.

Kansas City Star (Kansas & Missouri)

September 29, 1996 Sunday

METROPOLITAN EDITION

Copyright 1996 The Kansas City Star Co.

**Section:** METROPOLITAN;

**Length:** 513 words

**Byline:** JOYCE SMITH, Staff Writer

## Body

---

Reinforcing its commitment to Kansas City's core, **H&R Block Inc.** opened its new world headquarters building on Saturday.

The \$ 15-million project at 4400 Main St. includes a new 93,000-square-foot building on the north, which is linked to the renovated south building by a four-story, sunlit lobby-atrium.

Forty-one years ago, **H&R Block** first advertised tax preparation for "\$ 5 and up," in a second floor walk-up at Westport Road and Main Street. In 1962 the headquarters moved to its current location.

Henry W. Bloch, chairman of the company, said he was dedicated to the Main Street corridor.

"Our new world headquarters confirms that our longstanding commitment to Kansas City and the central business district is steadfast," Bloch said. "Kansas City has been a terrific partner to

**H&R Block** over the years, helping us grow from a small local business to an international corporation ."

About 500 people, including employees, their families and guests,

Block dedicates new headquarters; 140,000-square-foot facility solidifies firm's Main Street presence.

attended the ceremonies, which were followed by a barbecue.

Mayor Emanuel Cleaver said **H&R Block** not only could have located anywhere in the metropolitan area but anywhere in the nation. The company's commitment to Kansas City should show people the community is healthy and becoming healthier, he said.

In the early 1980s, Bloch considered moving the headquarters to Johnson County. Land was abundant then and much cheaper. But Kansas City officials convinced him to take a stand against the flight to the suburbs. So he chose the more expensive route of buying and tearing down buildings in Kansas City.

Now other Kansas City corporations such as Twentieth Century Mutual Funds, with two towers just south of **H&R Block's** headquarters, have followed suit. And Bloch presumes the company's home will remain in the Kansas City area: His four children and 10 grandchildren all live here.

The 140,000-square-foot world headquarters will house 270 employees and be electronically linked to more than 8,000 **H&R Block** offices throughout the country.

As Bloch and Tom Zimmerman, president of **H&R Block** Tax Services, joined two mock computer cables to represent the headquarters link to its other offices, streamers gushed from the upper floors of the atrium.

The central states region of the American Institute of Architects has honored Berkebile Nelson Immenschuh McDowell Architects for the building's design.

The four-story atrium is a subtle tower design that ties in with the Country Club Plaza's towers. A fountain runs the entire length of the south building.

Precast concrete provides an almost column-free interior. J.E. Dunn Construction Co. was the general contractor. ]

Block dedicates new headquarters; 140,000-square-foot facility solidifies firm's Main Street presence.

Forty works of art, the majority created by Midwest artists, were added to Block's existing art collection. A large wooden sculpture, titled "System," symbolizes the universal relationship among commerce, taxation and accounting, officials said.

## Graphic

---

Photos (2), Above, the new world headquarters of **H&R Block**, 4400

Main Street, was dedicated Saturday. At left, **H&R Block** Tax Services President Tom Zimmerman (left) and Chairman Henry W. Bloch (center) spoke with Kansas City Mayor Emanuel Cleaver on Saturday after the dedication ceremonies.; SUSAN PFANNMULLER/Special to The Star

**Load-Date:** September 30, 1996

---

End of Document

## Block director retiring

The Kansas City Star

March 4, 2008 Tuesday

Copyright 2008 The Kansas City Star All Rights Reserved

Length: 126 words

### Body

---

Former Kentucky utility executive Roger W. Hale is retiring from **H&R Block Inc.'s** board when his current term expires in September, Block said in a **Securities and Exchange Commission** filing.

Hale, 64, has been a director of the Kansas City tax preparation and financial services firm's board since 1991. He was chairman and chief executive of **LG&E Energy Corp.**, in Louisville, from Aug. 1990 until retiring from that position in April 2001 and a senior executive in **BellSouth Corp.** and **AT&T Co.** before that.

Following a change in corporate by laws requested and voted last year by shareholders, all Block directors, who currently serve staggered, three-year terms, will be elected annually to one-year terms beginning in September.

| Gene Meyer, gmeyer@kcstar.com

Load-Date: March 4, 2008

---

End of Document

# BLOCK DISCONNECTING COMPUSERVE SPIN-OFF

Daily News (New York)

August 29, 1996, Thursday

Copyright 1996 Daily News, L.P.

**Section:** Business; Pg. 89

**Length:** 381 words

**Byline:** By GEORGE MANNES

## Body

---

Battered online service CompuServe won't be going solo any time soon.

Its owner, **H&R Block**, postponed yesterday a planned spin-off of the troubled service because of recent losses and doubts about the financial health of the online industry.

The tax-preparation giant sold 20% of CompuServe to the public in April, and doesn't want to unload the remaining 80% now at fire-sale prices.

"It's an industry which has really been turned on its head in the past year or so," said Steven Bregman, an analyst at The Spin-Off Report. "It's not surprising that **H&R Block** is rethinking what the best way is to serve shareholders."

Since its April public offering at \$ 30 a share, CompuServe's stock price has plummeted. It closed up 1 1/16 at \$ 13.37 1/2.

"To release the remaining shares from **H&R Block** would have been a fire-sale situation, given the low valuation of CompuServe right now," said Peter Krasilovsky, senior analyst with the new media consulting firm Arlen Communications.

CompuServe, the second largest online service behind America Online, reported a whopping net loss last week of \$ 29.6 million for its first fiscal quarter, compared to a profit of \$ 26.8 million a year earlier.

The company also said that the number of people subscribing to its flagship CompuServe Information Service had declined by 100,000 to 3,059,000.

"The timing is not right," for spinning off CompuServe, said **H&R Block** spokeswoman Linda McDougall.

"We would be delivering the greatest shareholder value by waiting until we can increase CompuServe's revenues and earnings and see how the industry might play itself out," she said.



## BLOCK DISCONNECTING COMPUSERVE SPIN-OFF

Bregman contended the postponement is less a reflection of CompuServe's troubles than "extraordinary structural changes in their industry."

Over the past year, prices for online service has dropped, and several big-name companies, like AT&T, have jumped into the Internet business.

"That's a hell of a change, and it happened, for all intents and purposes, overnight," Bregman said.

Although CompuServe's flagship service looks like "a wounded animal," parts of the company's business like its European online segment and its corporate network services are strong, Krasilovsky said.

"I'm not sure the Wall Street community totally appreciates the sum of CompuServe's parts," he noted.

**Load-Date:** August 30, 1996

---

End of Document

# Block Dissidents Pick Up Backer

American Banker

August 21, 2007 Tuesday

Copyright 2007 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** CARDS: IN BRIEF; Pg. 8; Vol. 172; No. 161

**Length:** 136 words

**Byline:** William Launder

## Body

---

A second investor in **H&R Block** Inc. has announced plans to vote for dissident shareholder Richard C. Breeden and two other candidates nominated by his private-equity firm to the company's board.

Ariel Capital Management LLC, which owns about 5% of the Kansas City, Mo., tax preparation company, told the Kansas City Star that it will vote for Mr. Breeden and the other nominees from Breeden Capital Management LP at **H&R Block's** annual meeting on Sept. 6.

Last week, Harris Associates LP, which owns almost 7% of **H&R Block**, said in a regulatory filing that it would vote for Mr. Breeden's slate, which it believes "is most likely to improve shareholder returns."

Mr. Breeden has vowed to reshape Block by doing away with its financial services business.

<http://www.americanbanker.com/>      <http://www.sourcemedia.com/>

**Load-Date:** August 20, 2007

---

End of Document

# Block earnings beat expectations

The Kansas City Star

June 29, 2009 Monday

Copyright 2009 The Kansas City Star All Rights Reserved

**Length:** 69 words

## Body

---

**H&R Block** Inc. reported better-than-expected fiscal fourth-quarter earnings as fees from consumer financial services increased.

The Kansas City-based tax preparer, the nation's largest, reported income of \$706.9 million, or \$2.09 per share, up from \$543.6 million, or \$1.66 per share, for the three months ending April 30.

The median estimate of eight analysts surveyed by Bloomberg News was \$2.05 per share.

[read more](#)

**Load-Date:** June 30, 2009

---

End of Document

# Block eliminating ExpressTax brand

The Kansas City Star

September 29, 2011 Thursday

Copyright 2011 The Kansas City Star All Rights Reserved

**Length:** 238 words

**Byline:** STEVE ROSEN

The Kansas City Star

**Dateline:** September 29 2011

## Body

---

**H&R Block** said Thursday it is eliminating its ExpressTax service, which generated about \$3 million in fees last year from people who filed their taxes early and wanted refunds quickly.

The Kansas City tax preparation firm purchased the service in 2006. But Block chief executive Bill Cobb said in a statement that after reviewing the recent performance of ExpressTax “we concluded it was no longer a growth driver and therefore not a good fit for our company.”

Cobb said getting rid of the brand is “consistent with where we want to focus our future investments and resources.”

The announcement comes about two weeks after Block decided to stop offering refund anticipation loans next tax season because it’s getting more new clients and the appeal of the high-cost loans is shrinking.

Block said discontinuing ExpressTax will result in a pretax charge of about 2 cents to 3 cents per share in its fiscal second quarter that ends Oct. 31.

Block said there are 269 ExpressTax franchise offices, mostly in locations where the company had “competitive and geographic advantages.”

Block says it will ask many of the franchisees to join its main **H&R Block** brand.

ExpressTax prepared almost 100,000 tax returns in fiscal 2011.

In the 2011 tax season, Block said the number of new tax clients overall grew by about 19 percent, and its client retention rate rose by about 4 percent.

Block eliminating ExpressTax brand

Reach Steve Rosen at [srosen@kcstar.com](mailto:srosen@kcstar.com) or call 816-234-4879.

**Load-Date:** September 30, 2011

---

End of Document

# Block enlarges its Main Street plans

Kansas City Star (Kansas & Missouri)

September 10, 1994 Saturday

METROPOLITAN EDITION

Copyright 1994 The Kansas City Star Co.

**Section:** BUSINESS;

**Length:** 181 words

**Byline:** JULIUS A. KARASH, Staff Writer

## Body

---

Main Street revitalization got another boost this week when the

City Council approved an expanded redevelopment plan for **H&R Block** Inc.'s headquarters.

Block's original plan was to add 25,000 square feet to its existing 78,000-square-foot headquarters.

The company now plans to demolish 34,000 square feet of the headquarters and add 95,000 square feet.

The redevelopment area has been expanded to include a former bank building in the neighborhood. Block plans to move a tax preparation office there from its current headquarters.

Demolition is scheduled to begin by the end of this month and the project is to be completed by November 1995.

The Block project is part of a tax-increment financing redevelopment plan.

Some of the taxes that come from the Block expansion and the new Office Depot will be used to improve streets, curbs, sidewalks,

## Block enlarges its Main Street plans

lighting and landscaping along Main from 41st to 44th streets;  
housing improvements on Walnut Street; and improvements to a  
viaduct at 43rd Street and Broadway.

**Load-Date:** September 20, 1994

---

End of Document

# Block expects better year; Tax preparer adds outlets, anticipates change of fortunes

The Kansas City Star

January 11, 2006 Wednesday

Copyright 2006 The Kansas City Star All Rights Reserved

**Section:** C; Pg. 8

**Length:** 526 words

**Byline:** GENE MEYER, The Kansas City Star

## Body

---

Erns  
t

**H&R Block Inc.** said it expects a 2 percent boost in customer traffic to its expanding tax-office network this year, which would reverse a three-year erosion in market share.

Mark Ernst, chairman and chief executive of the Kansas City-based financial services giant, told securities analysts Tuesday in New York that Block intends to achieve the turnaround by opening a record 12,200 U.S. outlets this tax season. The expansion is aimed at blunting increasing competition and delivering Block's services more effectively in different settings.

Ernst said Block also plans to increase its efforts to promote brand loyalty by providing increased value to customers. The company is continuing efforts to establish itself as an adviser and advocate for middle-class Americans and strengthen the links between its tax business and the other financial services it offers, he said.

One such expansion moved a step forward last month when the federal **Office of Thrift Supervision** formally deemed complete Block's application for a federal bank charter. The action means that federal regulators now will examine the merits of the application and make a final decision as soon as mid-February.

The proposed bank would allow Block to offer many basic banking services to tax clients and other customers and enable the company to manage its pools of cash more thriftily.

Those links already are helping improve prospects for **H&R Block Financial Advisors**, a brokerage and financial advisory service that so far has been, as Ernst said Tuesday, "a drag on the business."



Block expects better year; Tax preparer adds outlets, anticipates change of fortunes

Now, however, the unit's leaders have made some major changes to improve productivity, and ties between the unit and Block's tax operations continue to improve.

"It's a good start, but only a start," Ernst said.

Block, which prepared 16 million of the more than 130 million income tax returns filed last year in the U.S., has long been the nation's largest tax-preparation service. It also is a leading provider of computer software and online services that allow consumers to file their taxes from home.

The company's approximately 20 percent market share among taxpayers who seek professional help with their returns has remained essentially flat or fallen slightly each year since 2002. Block has faced increased competition from **Jackson Hewitt Inc.** and **Liberty Tax Service** and a greater availability of free filing programs and more sophisticated software for do-it-yourselfers.

Block expects this year to be different, Ernst told the analysts. From now until mid-April, U.S. taxpayers are expected to file about 1.4 percent more returns than last year, but Block expects its customer base to expand as much as 2 percent, Ernst said.

Putting about 1,000 more tax outlets than last year within easier reach of more taxpayers will account for part of the expected increase, Ernst said.

A larger share of the new units will be traditional stand-alone tax offices, which draw more traffic than shared space in stores such as **Sears** or **Wal-Mart**, he said.

Block's shares closed Tuesday at \$25.61, up 6 cents, on the **New York Stock Exchange**.

To reach Gene Meyer, call (816) 234-4883 or send e-mail to [gmeyer@kcstar.com](mailto:gmeyer@kcstar.com).

**Load-Date:** January 11, 2006

---

End of Document

## Block expects earnings at high end of guidance

The Associated Press State & Local Wire

April 30, 2003, Wednesday, BC cycle

Copyright 2003 Associated Press All Rights Reserved

**Section:** Business News

**Length:** 244 words

**Dateline:** KANSAS CITY, Mo.

### Body

---

Tax preparer **H&R Block** Inc. announced Wednesday it expects 2003 earnings to be at the high end of its guidance.

Block's earnings guidance is in the range of \$3.10 per share and \$3.25 per share, up 34 to 41 percent from fiscal 2002.

Excluding one-time charges for a litigation settlement and goodwill impairment, the company expects earnings to range between \$3.37 to \$3.52 per share. Analysts surveyed by Thomson First Call predict earnings of \$3.46 per share.

Kansas City-based Block, the nation's largest tax preparer, said the earnings were helped by strength in its online and software business.

Block served 18.2 million clients during the tax season, up .3 percent from the previous year. Online and software clients increased 48 percent to more than 2 million.

"While we are still evaluating results from the tax season, it appears that this year's marketing and advertising programs may not have been effective enough in providing a compelling reason for taxpayers to choose **H&R Block**'s office-based tax services in a year when the public did not perceive significant tax law changes," said Mark A. Ernst, the company's chairman and chief executive officer.

Shares of Block dropped 12 cents to close at \$38.62 in trading Wednesday on the New York Stock Exchange.

The company will announce financial results for the fiscal year after the stock market closes on June 11.

On the Net:

<http://www.hrblock.com/>

Block expects earnings at high end of guidance

**Load-Date:** May 1, 2003

---

End of Document

# Block eyes accountants; Tax prep giant reaches out to attract firms

Accounting Today

September 1, 2014

Copyright 2014 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** NEWS; Pg. 26; Vol. 28; No. 09

**Length:** 1250 words

**Byline:** Michael Cohn

## Body

---

Tax preparation giant **H&R Block** has created a new program to draw CPAs and other accountants who are interested in selling their practices or becoming **H&R Block** franchises, with the new service spearheaded by accounting profession consultant Jennifer Katrulya.

Katrulya will continue to manage her own consulting practice, BMRG Advisory Services, which provides firms with education, resources, tools and advisory services for modernizing their accounting practices, while also joining Block as director of accounting operations for **H&R Block** Small Business Services.

The emergence of cloud-based technology is changing the way accounting firms offer and price their services, Block noted, and the launch of the **H&R Block**/BMRG (Business Management Resource Group) program aims to address both problems.

"As we're looking to move into the client accounting services space, with bookkeeping, payroll, etc., an important thing for us was having a certain level of operational and strategic expertise, which Jennifer absolutely brings to the table," said Jeremy Smith, director of **H&R Block** Small Business Services. "But also we want to be a constructive player in this space and part of the community. An important part of this is we know a big problem within the accounting space is succession."

Block cites statistics from the American Institute of CPAs indicating that an estimated 75 percent of CPAs will hit retirement age over the next seven to eight years. As a result, succession planning is one of the top problems most firms face, according to Smith. When Block began talking with Katrulya about bringing her aboard to advise firms on how to grow their practices, the company also proposed adding succession planning to the mix.

"When we were talking to her and looking at partnering with Jennifer and bringing her to **H&R Block**, we said, '~You know what? It could be really interesting, both for **H&R Block** and the industry as a whole, if we put a little twist on your consulting practice and kind of turned it into a succession plan in a box, where firms will continue to go through your consulting program like they do, but then at the end, if the '~graduates' of the program were looking for some

sort of growth or succession program and they met certain criteria of ours - which we're still working on - then we could either acquire those firms outright if they're looking to exit, or if they're looking to keep on going but want to enhance their growth, then look at turning them into a franchise and then help accelerate the growth of that firm," said Smith. "So it's both an exit strategy for those looking to get out, as well as something to help accelerate growth if they want to keep going and become a franchise of **H&R Block**."

#### How it will work

Firms can join the BMRG program to transform their practices, with the ability to partner with or sell to **H&R Block** when and if both the company and firm agree.

Traditionally, Katrulya's consulting practice has concentrated on helping accounting firms adopt practice management and technology strategies such as value-based pricing and cloud computing.

"We focus on several areas," Katrulya explained. "First, we begin with internal firm management, establishing internal budgeting, recruiting, training and management procedures. We focus on really getting the firm organized in terms of what types of services they will be offering, what types of clients they're looking to work with in industry verticals, and what they are best equipped to provide, as far as whether they will work with clients on-site or in a fully virtual environment. We help them select their software solutions and optimize the opportunities for integration and for really making sure that is best of breed for the mix of clients that they'll serve and their specific skill sets, because every firm is different in terms of what they're best suited for. We focus on helping them build out their sales and marketing models. We help them with all the best practice areas, the technology, the sales, the marketing and the human resource management."

However, succession planning is a relatively new area for Katrulya. "A component where we certainly have had a significant number of requests, but haven't helped them as significantly, would be in succession planning and in exit planning," she said. "We've historically brought in resources for them to work with and communicate with, but we have not had a formal process of any kind. We work with them to maximize the value of their firms and increase their opportunities to have a great exit, but a big piece is what they do with it then."

Smith said that Block is still setting up what criteria it will use for evaluating the graduates of the program and what kind of offer it would make. The financial terms would depend on a number of factors, such as the performance of the firm, its growth trajectory, profitability, and the strength of the team, but the offer would be a fair market price.

"If we were to do an acquisition, then they would simply be part of **H&R Block** - not even a subsidiary, just part of **H&R Block**, like any of our company-owned offices," said Smith. "If they were to take the franchise route, then they retain ownership of their practice."

#### Earlier iterations

**H&R Block** used to own RSM McGladrey, which it operated in what was called an "alternative practice structure" with Top 100 accounting firm McGladrey & Pullen, which could provide audit and assurance services as CPAs. But

the McGladrey partners eventually decided to re-unify the firm in 2011, and Block resold RSM McGladrey back to M&P for \$610 million in 2011, after a few years of deteriorating relationships between the two.

Smith and Katrulya said that the accounting practice would operate in a different manner than McGladrey did in the past, focusing on serving small businesses through services such as payroll and bookkeeping via cloud-based technology. The target is businesses with 10 employees or less such as doctors, dentists, hair salons, landscapers and construction companies.

Some **H&R Block** franchises already offer such client accounting services, but Smith hopes to roll them out across more Block offices. "That's a big part of the effort that Jennifer and I are working on is creating that sort of competency, stronger, more consistently in the modern way that Jennifer and others have been developing and propagating that throughout the H&B Block network over time," he said.

Block spokesman Gene King pointed out that **H&R Block's** founders started out back in 1946 with such services. "If you think back to how **H&R Block** started as a company, Henry and Richard actually had a bookkeeping, accounting and payroll business, and by happenstance moved into individual income tax," he said. "There's always been an element of helping small businesses with their books, more because we're helping them with individual income taxes, and we do have franchisees who offer year-round services to the small-business community. Now what this partnership does is utilizing what Jennifer is teaching to help our franchisees and other offices take this next step as well, with best-of-breed technologies."

"Instead of the bookkeeping, payroll and the like being a means to an end, meaning the tax return, it's an end unto itself now," Smith added. "We're trying to offer that core competency of bookkeeping, payroll, etc., to make it a growth and profit center for **H&R Block**."

For more information, call (816) 854-5129 or email [bsb@hrblock.com](mailto:bsb@hrblock.com)

<http://www.webcpa.com/>

**Load-Date:** September 10, 2014

---

End of Document

# Block Files With Bernstein-Rein

ADWEEK

July 22, 1985, Southwest Edition

Copyright 1985 A/S/M Communications, Inc.

**Section:** NATIONAL NEWSWIRE

**Length:** 38 words

**Dateline:** KANSAS CITY, MO.

## Body

---

**H. & R. Block** Inc. last week filed its account with Bernstein-Rein Advertising here, giving the agency the hope of growth through national exposure. The agency takes over the business from J. Walter Thompson USA, Chicago.

---

End of Document

# Block Finds a Way To Make Taxes Pay: No. 1 preparer boosts payout by 9%

Barron's

June 26, 2000 Monday

Copyright 2000 Factiva, a Dow Jones and Reuters Company  
All Rights Reserved

Copyright © 2000, Dow Jones & Company, Inc.)

**Section:** Pg. 51; Speaking of Dividends

**Length:** 839 words

**Byline:** By Shirley A. Lazo

## Body

---

The No. 1 tax-service provider in North America, **H&R Block**, didn't meet its original earnings expectations for fiscal 2000, ended April 30, but it did improve upon its scaled-back forecast and also bettered fiscal 1999 results. Accordingly, Block will return an enhanced quarterly common dividend to its investors again this year.

Since payouts were initiated in 1962, when Block made its public debut, the Kansas City, Missouri, company had provided shareholders with a fatter payout every year until fiscal '97. Back then, although it surpassed its goal of increasing earnings and revenues by 15%, its struggling CompuServe unit (sold for \$1.3 billion in February 1998) forced Block to slash its dividend from 32 cents a share to 20 cents, where it stayed until a hike to 25 cents in June 1998.

Disbursements have been on the rise ever since, and last Wednesday's 9% boost takes the quarterly to 30 cents a share from 27.5 cents, payable October 2 to holders of record September 11. Yield: 4%. The increase, Block said, reflects its continuing strong growth in cash flow. Earlier this year, the company authorized the repurchase of 12 million more of its shares, of which it already has bought back 3.4 million.

Block's company-owned and franchised tax offices prepared 16.3 million U.S. returns in fiscal 2000, 3.3% more than in the previous year. The total number of U.S. clients served in tax offices -- those receiving electronic-filing services only, as well as clients getting tax-preparation services -- gained 2.4%, to 16.9 million. Block has some 21 million clients worldwide.

Fiscal 2000 profits rose to \$2.55 a share, two cents higher than Wall Street's pared-down consensus (the previous mean estimate was \$2.71, down from \$2.88 in March before Block announced that financing costs would hurt



results). Revenues surged 49%, to \$2.5 billion, due in large measure to the first-time inclusion of the operations of RSM McGladrey (the seventh-largest U.S. accounting and consulting firm, which Block bought last August for \$290 million) and Olde Financial (the nation's fourth-biggest discount broker, purchased in December for \$887 million). Even though U.S. tax offices experienced gains in revenues, client retention and market share, CEO Frank L. Salizzoni said earnings didn't meet initial expectations because of "overstaffing in our U.S. tax operations in anticipation of year-end client increases that did not occur. Earnings were also impacted by a loss in our new e-commerce operation." On the plus side, earnings before interest, taxes, depreciation and amortization (EBITDA) grew 36%, to \$598 million. Analysts' consensus guess on fiscal 2001 earnings per share, according to First Call/Thomson Financial, is \$2.93.

After setting a 52-week high last August of 59 1/2, Block finished 1999 at 43 3/4, down about 3% on the year. It currently changes hands at around 31 after dropping to a 52-week low of 26 15/16 June 9. Institutions own 80% of the 98.4 million common shares outstanding. Standard & Poor's investment recommendation on Block is "hold."

Henry W. Bloch, who co-founded the company with his brother, Richard, in 1955, will retire in September as chairman (though he will become honorary chairman). Bloch endured a lifetime of people mispronouncing his last name, so he purposely misspelled the company's name to prevent folks from calling it H&R "Blotch." He'll be succeeded by Salizzoni.

-- Bank stocks have been taking it on the chin since industry-standout Wachovia, the nation's 15th-largest bank holding company, issued a profit warning recently, blaming higher interest rates and a charge to boost loan-loss reserves for the expected second-quarter and full-year shortfalls. Regardless of whether investors' jitters over banks are justified, a handful of small ones posted upbeat announcements last week. Among them: Fifth Third Bancorp, Washington Federal and River Valley Bancorp.

Cincinnati-based Fifth Third is splitting its stock 3-for-2 and boosting its quarterly common dividend 13%, to 27 cents a share (18 cents post-split) from 24 cents. Both disbursements are payable July 14 to holders of record June 30. The stock division is the company's fifth in the past 10 years and means that one share of Fifth Third purchased in 1990 equates to nearly eight shares today. The cash hike marks the 34th increase in Fifth Third's 26 years as a holding company. And for over 13 years, the payout has been enhanced every nine months.

For the 35th time since Washington Federal became a public stock company in November 1982, the Seattle-headquartered parent of Washington Federal Savings has sweetened its dividend. The penny hike takes the quarterly to 25 cents a share. The respective payment and record dates are July 21 and June 30.

River Valley Bancorp, in Madison, Indiana, also raised its quarterly one cent, to 8.5 cents a share, payable July 14 to investors of record June 30. Dividends have been paid since July 97, and this is the sixth increase. River Valley also will repurchase 5% of its common.

## Notes

---

Block Finds a Way To Make Taxes Pay: No. 1 preparer boosts payout by 9%

PUBLISHER: Dow Jones & Company

**Load-Date:** December 5, 2004

---

End of Document

# Block finds buyer for Option One

Kansas City Business Journal (Kansas & Missouri)

April 20, 2007 Friday

Copyright 2007 American City Business Journals, Inc. All Rights Reserved

Length: 513 words

## Body

---

**H&R Block** Inc. has agreed to sell its Option One Mortgage Corp. subsidiary to OOMC Acquisition Corp. for about \$1 billion.

The buyer is affiliated with Cerberus Capital Management LP. The transaction excludes Option One subsidiary **H&R Block** Mortgage Corp. The purchase price is the value of Option One's tangible net assets, less \$300 million.

In a release Friday, Kansas City-based Block (NYSE: HRB) said the value of Option One's tangible net assets on Jan. 31 was \$1.27 billion. Block said it also could get an additional cash payment from the buyer in the form of an earnout, contingent on Option One's future earnings from mortgage loan originations.

The companies expect the transaction to close during Blocks fiscal second quarter, which ends Oct. 31. Block has the right to sell certain Option One assets before closing. Given that, and changing market conditions, the tangible net asset value at closing will be different than it was on Jan. 31, Block said.

The earnout arrangement provides for Block to receive half of Option One's cumulative earnings from its loan origination business for 18 months after the closing, with a maximum payment of \$300 million.

Block said it expects to take a noncash, pretax charge for impairment of its investment in Option One of about \$290 million to \$320 million in its fiscal 2007 fourth quarter. The charge consists of impairments to various assets, primarily good will and property, plant and equipment.

Block's financial adviser for the sale was Goldman Sachs & Co. The Jones Day law firm provided legal advice.

Block said it also will cease operations of **H&R Block** Mortgage, a loan originator that deals directly with retail borrowers, before the sale of Option One closes. Block said it will take pretax charges for severance, facilities closure and other costs of about \$25 million. The company also expects to record in its fiscal 2007 fourth quarter a noncash, pretax charge of about \$16 million in for goodwill impairment of **H&R Block** Mortgage.

Block will continue to provide its retail tax and other clients with prime residential mortgage loans through **H&R Block** Bank, which began operations in May.

## Block finds buyer for Option One

Block said it expects to post a loss in fiscal 2007 earnings from operations other than Option One and **H&R Block Mortgage** from \$1.15 to \$1.25 a share for the year.

"Option One has developed into a leading provider of mortgage services for Americans whose financial needs have not been served by traditional lenders," Block Chairman and CEO Mark Ernst said in the release. "With the changes occurring and being discussed for the U.S. mortgage industry, Option One will be positioned to more effectively compete, while allowing **H&R Block** to focus on growing its core tax, accounting and aligned financial services businesses."

Block also said it has entered into a \$500 million bridge financing facility, with HSBC Bank USA and BNP Paribas as lenders. The facility allowed Block to temporarily refinance \$500 million in notes issued by its Block Financial Corp. subsidiary, which matured Monday. The new facility matures on Dec. 20.

**Load-Date:** April 20, 2007

---

End of Document

# **Block for the masses; Tax preparer inks AOL TW ad-online deal**

Marketing News TM

September 24, 2001

Copyright 2001 American Marketing Association

**Section:** NATION; Pg. 40

**Length:** 111 words

**Byline:** The Associated Press

## **Body**

---

**H & R Block** will offer tax services on America Online and advertise throughout AOL Time Warner's properties, the two companies announced late last month.

The Kansas City, Mo.-based tax preparer will offer its Online Tax Program through AOL. Its users will be able to have their online tax return reviewed by a Block tax preparer. Taxpayers will also be able to e-mail questions to Block's tax preparers.

Block agreed to advertise across AOL's media outlets, including Time-Warner Cable, CNN and magazines including Time and Money.

The deal calls for Block to provide tax services for AOL employees at a discount and to promote AOL within its tax offices.

**Load-Date:** September 24, 2001

---

End of Document

# Block gains OK to open bank in KC

The Kansas City Star

March 15, 2006 Wednesday

Copyright 2006 The Kansas City Star All Rights Reserved

Length: 108 words

## Body

---

**H&R Block Inc.'s** application to open a bank in Kansas City has been approved, the **Office of Thrift Supervision** said today.

The bank will be known as **H&R Block Bank**, located in Kansas City and be run as a traditional savings and loan, the regulators said in an announcement posted on the OTS web site.

Documents filed with the application, first made in May 2005, indicate Block plans to infuse the bank with \$160 million in capital, or enough to make it approximately the seventh largest bank in the Kansas City area. Block business plan indicates the company expects the institution to attain \$2 billion in assets within three years.

-Gene Meyer/The Star

**Load-Date:** March 15, 2006

---

End of Document

## Block gets new chairman

The Kansas City Star

April 26, 2011 Tuesday

Copyright 2011 The Kansas City Star All Rights Reserved

**Section:** C; Pg. 3

**Length:** 174 words

**Byline:** STEVE ROSEN

The Kansas City Star

**Dateline:** April 25 2011

### Body

---

**H&R Block** said Robert A. Gerard has been elected chairman of the tax company's board of directors. He replaced Richard Breeden, who left at the end of the tax season April 18.

Gerard, who has been a member of Block's board since 2007, is the general partner and investment manager of GFP L.P., a private investment firm.

He previously was chief executive officer at Royal Street Communications, and spent nearly 15 years as a senior executive with Morgan Stanley & Co., Dillon Read and Bear Stearns.

Breeden, an investor and former chairman of the Securities & Exchange Commission, announced plans to leave Block's board in March.

He became chairman in 2007 as part of a management shake-up at the Kansas City-based company that led to the resignation of then-chief executive and chairman Mark Ernst.

Breeden had been critical of Ernst's efforts to broaden the company's business mix.

Breeden, through his investment company, still owns a significant amount of Block shares.

To reach Steve Rosen, call 816-234-4879 or send email to [srosen@kcstar.com](mailto:srosen@kcstar.com).

**Load-Date:** April 26, 2011

---

End of Document



# Block Gives Holders Many Happy Returns --- Tax-preparation firm increases payout 10%

Barron's

June 21, 1999 Monday

Copyright 1999 Factiva, a Dow Jones and Reuters Company  
All Rights Reserved

Copyright © 1999, Dow Jones & Company, Inc.)

**Section:** Pg. 46; Speaking of Dividends

**Length:** 743 words

**Byline:** By Shirley A. Lazo

## Body

---

The Federal Government's bumbling attempts to simplify the tax code continue to drive more and more exasperated tax-payers to **H&R Block**. "Once again, the company exceeded its revenue and earnings growth targets for the fiscal year" ended April 30, says President and CEO Frank L. Salizzoni. Block's company-owned and franchised tax offices prepared 15.8 million U.S. returns in fiscal '99, 6.2% above the previous year's number. Accordingly, pre-tax profits from U.S. tax operations surged 24.5%, to \$314.1 million, while revenues climbed 20%, to \$1.3 billion.

Something else on the rise at Block is dividends. Tuesday, the company, the No. 1 tax-service provider in North America, boosted its quarterly common payout 10% to 27.5 cents a share from 25 cents. Disbursement will take place October 1 for investors on the books September 10.

Since payouts were initiated in 1962 (when Block, founded in 1955, went public), the Kansas City, Missouri, company had provided a fatter dividend every year to its shareholders until fiscal '97. That year, Block exceeded its goal of increasing earnings and revenues by 15%. However, losses at its struggling CompuServe subsidiary (a major online computer information service) forced it to slash its dividend from 32 cents a share to 20 cents, where the payout stayed until a hike to 25 cents in June 1998.

Block sold its 80% CompuServe stake in February 1998 to a WorldCom subsidiary in a transaction valued at \$1.3 billion. That left Block free to focus on its core tax and financial-services business. It also provided \$700 million in

## Block Gives Holders Many Happy Returns --- Tax-preparation firm increases payout 10%

after-tax proceeds that the company is using to fund the dividend increase and to aggressively buy back stock, explore expansion opportunities and strengthen its balance sheet.

Traded on the Big Board, the stock set a 52-week high April 20 of 51 3/4, 15% above its final 1998 trade of 45. There hasn't been a stock split since 1991. Institutions own 75% of the 97 million common shares outstanding.

"Block continues to expand along its strategic initiatives," observes Value Line. "The Business Services unit recently acquired its sixth regional accounting practice, moving the company toward its goal of having a national presence in the accounting business. Meanwhile, Block's mortgage operations seem likely to remain a good contributor to corporate profits, though higher interest rates may be somewhat of a limiting factor here."

The question naturally arises as to whether Block can maintain the current momentum in its tax-preparation business. Value Line says it will "likely be able to do so. Although it is difficult to predict changes in the tax code, it seems unlikely that it will become simpler, which is a positive for Block. Also, the company recently hired a top advertising executive to help polish its brand image and develop strategic marketing campaigns. This move should buttress [Block's] client base and enhance the top line. In all, our estimates suggest that Block's earnings are set to progress at about a 15% annual rate through 2000.

Value Line sees appeal in Block stock for conservative investors, pointing out that the company is a strong cash-flow generator. That suggests it'll be able to fund its expansion via internal funds.

What's more, "the ample dividend payout should work to limit downside risk during times of market volatility."

For all of fiscal 1999, Block netted \$215.4 million, versus fiscal 1998's \$392.1 million, which included \$231.9 million from the Compuserve sale. However, earnings from continuing operations advanced 29.4% to \$237.8 million. Revenues rose \$1.6 billion from 1.3 billion. The latter numbers were achieved despite a big drop in international tax operations, partly because of the Canadian government's expanded efforts to provide free tax assistance to low-income citizens and also because of a weaker Australian dollar.

Block's new-this-year Business Services division earned \$7.1 million on revenues of \$47.3 million. And profits from its mortgage operations, Option One, roughly doubled, to \$62.7 million on an 88.5% gain in revenues, to \$255.9 million. Option One originated \$3.6 billion in loans, up 75% from the year-earlier level. As of April 30, it was servicing 65,300 loans with a face amount totaling \$6.5 billion.

The company announced last week that it was so pleased with the results of its **H&R Block** Financial Center pilot project in Ohio, Arizona and Florida that it plans to open 70 new units by year's end.

## Notes

---

PUBLISHER: Dow Jones & Company

Block Gives Holders Many Happy Returns --- Tax-preparation firm increases payout 10%

**Load-Date:** December 5, 2004

---

End of Document

# Block Has Buyer For Option One, Gives a Discount

American Banker

April 24, 2007 Tuesday

Copyright 2007 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** MORTGAGES; Pg. 21; Vol. 172; No. 78

**Length:** 588 words

**Byline:** William Launder

## Body

---

**H&R Block** Inc. announced its long-anticipated exit from the subprime mortgage business Friday, unveiling an agreement to sell Option One Mortgage Corp. to an affiliate of the private-equity firm Cerberus Capital Management LP.

The price would be \$300 million less than Option One's tangible net asset value when the deal closes.

On Jan. 31 the unit's tangible net asset value was \$1.27 billion, but since then conditions in the subprime mortgage market have worsened.

"It seems very unlikely" that Option One's assets would not deteriorate further before the close, said Brian Horey, an analyst with Aurelian Management LLC in New York.

The Kansas City, Mo., tax-preparation giant also said it would shut down its retail mortgage business, **H&R Block** Mortgage Corp., before it closes the Option One deal.

**H&R Block** also said it would take an impairment charge of \$290 million to \$320 million in its fiscal fourth quarter, which will end April 30, to reflect the discount it is giving Cerberus. However, depending on how Option One performs after the sale, **H&R Block** could recoup up to \$300 million over 18 months in the form of an earnout.

"Given significant changes in the subprime market, we are pleased with the outcome," Mark Ernst, the president, chief executive, and chairman of **H&R Block**, said on a conference call Friday.

In mid-March his company reaffirmed its expectation that Option One would fetch \$1.3 billion. Analysts have long expressed skepticism about that prospect.

In a research note issued Friday, Kelly Flynn, an analyst with UBS AG, wrote that the deal "seems consistent with our expected \$400-\$800 million price ... but we see little real incremental value for shareholders here."

## Block Has Buyer For Option One, Gives a Discount

Shareholders were nonetheless pleased by the deal, which would free **H&R Block** to focus more on its core business. By midday Friday its shares had risen 3.57%, to \$22.61.

"The management of **H&R Block** was in a tough position," Mr. Horey said. "In terms of trying to maximize value, their timing probably was not good."

The \$300 million discount was a way for Cerberus to create "some downside protection" from Option One assets at risk of further deterioration, he said.

A year ago a consortium headed by Cerberus purchased a 51% stake in the finance company GMAC LLC from General Motors Corp. A spokeswoman for Cerberus would not say whether it planned to combine GMAC with Option One in some fashion.

Mr. Horey said he "wouldn't be surprised if there was some cross-fertilization of resources" between Option One and GMAC under Cerberus. For example, Cerberus could move some Option One executives to Residential Capital LLC, GMAC's mortgage business. (Last week ResCap said Bruce Paradis would retire as its CEO June 1.)

"If you look at what has happened at ResCap in the last few months in terms of management changes, it wouldn't surprise me to see some people get swapped out of Option One," Mr. Horey said. "Cerberus probably has some ideas about how they want the [Option One] business run and probably has some people in mind."

A spokeswoman for GMAC said that recent management changes occurred for "a variety of reasons," and that it has "a really strong leadership team in place now that is going to be able to take the business forward."

**H&R Block** said it would incur \$41 million of charges, including \$16 million of goodwill impairment and \$25 million of severance and other costs, from closing **H&R Block Mortgage Corp.**

The deal is expected to close by Oct. 31.

<http://www.americanbanker.com/>      <http://www.sourcemediacom.com/>

## Graphic

---

appeared April 23, 2007

**Load-Date:** April 30, 2007

---

End of Document

# Block hires firms to aid in expansion

Kansas City Star (Kansas & Missouri)

January 30, 2003, Thursday

METROPOLITAN EDITION

Copyright 2003 The Kansas City Star Co. All Rights Reserved

**Section:** BUSINESS;

**Length:** 276 words

**Byline:** KEVIN COLLISON; The Kansas City Star

## Body

---

**H&R Block** has hired a team to review the company's planned expansion of its world headquarters and wants to narrow its property search to three alternatives by midyear.

"We're moving forward with great care and deliberation,"

spokesman Bob Schneider said Wednesday.

"It's still too early in our

planning process to speculate about what our ultimate solution will be."

The firm has hired J.E. Dunn Construction Co., a general contractor; CDFMX, a design firm; and Kessinger Hunter/Cushman & Wakefield, a tenant representative firm, to assist with its evaluation.

After the company makes its choice, Dunn and CDFMX will work on the project, which is expected to be completed in 2005. **H&R Block** is considering both new construction or renovation of an existing building.

MC Lioness Realty Group is handling the project management.

## Block hires firms to aid in expansion

The diversified financial services company currently employs 1,000 people at its headquarters at 4400 Main St. and expects it will need an additional 400,000 square feet of space at current growth rates by 2005.

Schneider could not estimate how many jobs will be created in the coming years.

The bulk of the employees are at its headquarters building, with others at 4900 Main St., the Penntower building on Broadway and the company's new service center at 4400 Blue Parkway.

Schneider said the company, which was founded 50 years ago by brothers Henry and Richard Bloch, is committed to remaining in the Kansas City area.

The firm, however, already has been approached informally by Kansas development officials about relocating across the border, he said.

**Load-Date:** January 30, 2003

---

End of Document

# Block hires former Pepsico executive; Nana Mensah will lead tax operations

Kansas City Star (Kansas & Missouri)

December 20, 2002, Friday

METROPOLITAN EDITION

Copyright 2002 The Kansas City Star Co. All Rights Reserved

**Section:** BUSINESS;

**Length:** 330 words

**Byline:** MARK DAVIS; The Kansas City Star

## Body

---

**H&R Block** Inc. on Thursday announced the appointment of a former Pepsico Inc. executive as president of the company's U.S. tax operations.

Nana Mensah, who now leads his family's export business in Kentucky, will become president of **H&R Block** Tax Services Inc. on Jan. 6.

He succeeds Tom Zimmerman, who retired in July.

Block also said it had hired Tammy S. Serati as senior vice president of human resources. Serati, who had been a vice president at Monsanto Co. in St. Louis, joined Block earlier this month.

Mensah has been president and chief operating officer of Long John Silver's Restaurants Inc., where he was in charge of more than 1,200 restaurants in 36 states.

Before that, Mensah was at Pepsico as senior vice president of operations and strategic concept development.

In that post, he directed operations and expansion of Pepsi's



Block hires former Pepsico executive; Nana Mensah will lead tax operations

8,000 Kentucky Fried Chicken, Pizza Hut and Taco Bell restaurants in 93 countries outside the United States and Canada.

Mensah, who was not available for comment, is chief executive officer and chairman of 'Xports Inc. The family firm based in Lexington, Ky., sends agricultural and food products, pharmaceuticals, building materials and construction equipment to Africa.

Block's U.S. tax operations cover 9,015 tax offices, some of which open only during the tax season.

During the company's most recent fiscal year, which ended in April, U.S. tax business accounted for \$1.8 billion of Block's \$3.3 billion in revenues.

Block also has significant mortgage, brokerage and business accounting services.

Mensah has master's degrees in computer science from the University of California-Los Angeles and in econometrics from the London School of Economics in England. He earned a bachelor's degree in mathematics and physics from Cape Coast University in Cape Coast, Ghana.

- To reach Mark Davis, call (816) 234-4372 or send e-mail to [mdavis@kcstar.com](mailto:mdavis@kcstar.com)

**Load-Date:** December 20, 2002

---

End of Document

# Block Intros Visa Card For Internet Users

Newsbytes

January 25, 1996, Thursday

Copyright 1996 Post-Newsweek Business Information Inc.

**Section:** NEWS

**Length:** 424 words

**Dateline:** KANSAS CITY, MISSOURI, U.S.A.

## Body

---

(NB) -- Block Financial, an **H & R Block** (NYSE:HRB), company, has announced a Visa card created just for Internet and World Wide Web users.

The card is called Webcard. One of its features is the ability to check your account balance around the clock in real-time via the Internet. "Cardholders can monitor their current account activity or review data as far back as 12 months and even check to see if their payment was received," said G. Cotter Cunningham, vice president of Block Financial Corp.

The company said it has addressed security concerns about revealing credit card numbers by designing the online account review feature so actual account numbers never appear online.

To make the data more useful, Block has set up the Web site so the account information can be imported directly in many of the popular word processing, spreadsheet, database, and personal finance programs, including Quicken.

Webcard is issued by Columbus Bank and Trust Company, an affiliate of Synovus Financial Corp. The card carries no annual fee. The company said it will soon launch a direct mail, advertising, and telemarketing campaign to publicize the card.

Cunningham told Newsbytes the easiest way to apply for a card is to complete an online application online. Block Financial's home page on the Web is at <http://www.conductor.com>.

Cunningham said two levels of card are available. The Gold card is the one being promoted. It carries a 12.9 percent interest rate for the first six months. After that the rate reverts to whatever the prime rate is, plus 6.9 percent. Currently the prime rate is 8.5 percent.

## Block Intros Visa Card For Internet Users

Applicants who don't qualify for the Gold card can still receive a Classic card, said Cunningham. Initially that card carries a 12.9 percent interest rate for the first six months. After that, you pay two points more than Gold card holders.

Block said the Webcard is the first in a series of co-branded financial products slated for introduction this year. Other services to be offered include online bill payment, which is set for launch in the next 60 days, and online checking services. Cunningham said the pricing structure for the bill payment service hasn't been set yet, but will be competitive.

Block Financial already offers the Compuserve Visa, a credit card exclusively for Compuserve subscribers. The company said it has already issued more than 100,000 of the Compuserve cards.

(Jim Mallory/19960124/Press contact: Julie Eisen, Block Financial, 816-751-6010/WEBCARD960125/PHOTO)

**Load-Date:** July 10, 1998

---

End of Document

# Block Is Testing Advances on Tax Refunds

The New York Times

January 6, 2000, Thursday, Late Edition - Final

Copyright 2000 The New York Times Company

**Distribution:** Business/Financial Desk

**Section:** Section C;; Section C; Page 11; Column 5; Business/Financial Desk; Column 5;

**Length:** 245 words

**Byline:** Bloomberg News

**Dateline:** KANSAS CITY, Mo., Jan. 5

## Body

---

The **H & R Block** Corporation, the world's largest tax preparer, is testing a program that offers free cash advances to California customers expecting tax refunds.

The company will waive the bank fees normally associated with refund anticipation loans, which start at \$19.95, as part of its regular tax preparation service. The loans allow people to get the money they are expecting from the government about two days after filing their tax returns.

"If this test proves successful in retaining clients and attracting new ones, we'll explore expanding the program in other markets across the country," said Frank Salizzoni, the company's chief executive.

**H & R Block** will also offer free electronic filing to customers in most of its national offices.

Last year, the company collected \$1.5 billion in fees from 16.1 million customers. More than half of the returns were filed electronically, which the company says provides a lower error rate and allows taxpayers to get their refunds earlier than by filing through the mail.

Competition for tax clients comes from smaller firms like Gilman & Ciocia Inc. and an influx of tax software packages that allow for low-priced electronic returns.

An **H & R Block** spokesman, Todd Ransom, said the company would offer free refund advances in California for this tax season, which ends on April 15, and then decide whether to expand it to other offices next year. It had already tested the program in **H & R Block's** office in Sioux City, Iowa.

<http://www.nytimes.com>

Block Is Testing Advances on Tax Refunds

**Load-Date:** January 6, 2000

---

End of Document

# Block joins IRS program to cut cost of fast refunds

## Debt Indicator also will be a tool in fighting fraud

Kansas City Star (Kansas & Missouri)

November 18, 1999 Thursday

METROPOLITAN EDITION

Copyright 1999 The Kansas City Star Co.

**Section:** BUSINESS;

**Length:** 556 words

**Byline:** GENE MEYER, The Kansas City Star

### Body

---

Taxpayers who want their refunds really quickly in the upcoming filing season may get a price break for the fastest possible delivery, **H&R Block** Inc. said Wednesday.

Block, which operates the nation's largest tax preparation network, announced it was joining a growing number of tax services participating in a one-year Internal Revenue Service pilot program designed to double-check refund claims from taxpayers who file electronic returns.

The new program, Debt Indicator, is part of an effort by the federal government to make sure taxpayers aren't delinquent on back taxes, student loans, child support and certain other kinds of debt before it issues refunds.

But the plan also will provide Block and other tax services the most solid assurance they've had since 1995 that taxpayers will get the refunds they claim.

These assurances are what companies rely on to make short-term

Block joins IRS program to cut cost of fast refundsDebt Indicator also will be a tool in fighting fraud

loans that put refunds in taxpayers' hands in days rather than weeks.

Tax services and the lenders with which they work currently run their own special forms of credit checks to judge whether full refunds will be made.

"The IRS program will likely result in substantially lower fees for this service," said Frank L. Salizzoni, Block's chief executive.

Under the Debt Indicator program, the IRS checks incoming returns for suspicious claims or to see if money for debts might be withheld from a refund. Then the IRS sends its findings to Block or other participating preparers to relay to clients.

Federal officials say the program represents a significant advancement in fighting potential tax fraud. Preparers such as Block say the arrangement also is a potentially important tool for delivering fast refunds more cheaply.

Normally, it takes the IRS about six to eight weeks to send refunds to taxpayers who file paper returns and about one to three weeks for those who file electronically. Tax services cut this time to about two or three days by offering taxpayers what are known as refund anticipation loans.

Tax services offering these loans will calculate the refunds and help arrange for taxpayers to get that money - minus a fee of usually about \$ 60 on an average-size refund - from a bank instead of the government. The bank is repaid three weeks later when it receives the full refund that otherwise would have gone to the taxpayer.

Block said about 5.5 million of its customers took advantage of these loans to get their refunds as quickly as possible during the 1994 filing season, the last in which the IRS provided assurances directly to lenders that refunds would be sent.

The IRS stopped offering those earlier notifications in 1995 because electronic assurances were being sent to lenders faster than

Block joins IRS program to cut cost of fast refundsDebt Indicator also will be a tool in fighting fraud

refund amounts could be verified.

After that, the number of customers dropped below 3 million, and loan costs to those remaining clients rose sharply when lenders switched to their own screening programs, Block said.

- To reach Gene Meyer, call (816) 234-4883 or send e-mail to gmeyer@kcstar.com

**Load-Date:** November 18, 1999

---

End of Document



# Block Launches New Firm Using CPAs

Accounting Today

February 21, 2005 - March 13, 2005

Copyright 2005 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** NEWS BRIEFS; Pg. 3; Vol. 19; No. 4

**Length:** 267 words

**Dateline:** Kansas City, Mo.

## Body

---

Tax prep giant **H&R Block** has launched a new business employing CPAs to serve the needs of small business owners. After a test of the small business services concept in the Tampa, Phoenix and Atlanta markets, the company, based here, purchased 11 office locations from American Express Tax & Business Services to enter the market.

The new venture, **H&R Block** Small Business Resources, will offer services such as tax preparation and planning, payroll processing, bookkeeping, and financial advisory services, and will target businesses with 25 or fewer employees.

"Small Businesses Resources will fit a new niche for us," an **H&R Block** spokesperson said. "We have RSM McGladrey to serve the mid-market businesses with 25 to 5,000 employees, and **H&R Block** Financial Advisors serves individuals."

The recently acquired offices are located in Tucson, Ariz.; Rancho Palos Verdes and Walnut Creek, Calif.; Fort Wayne and Rochester, Ind.; Cedar Rapids, Iowa; Wakefield, Mass.; Livonia, Mich.; Omaha, Neb.; Dublin, Ohio; and Roanoke, Va.

**H&R Block** expects to expand the number of offices, services and products over the next several years, depending on demand from small businesses in specific geographic areas.

AmEx TBS vice president Nancy Muller said that the offices sold "are very small offices, staffed by an average of 11 employees in each. The sale aligns with our strategy to focus on national accounting, tax and business advisory practices for middle-market firms and high-net-worth individuals."

Copyright 2005 Thomson Media Inc. All Rights Reserved.

<http://www.thomsonmedia.com>

<http://www.webcpa.com>

## Block Launches New Firm Using CPAs

**Load-Date:** July 10, 2006

---

End of Document

# Block launches tax season ad campaign

accountingtoday.com

December 27, 2016

Copyright 2016 SourceMedia, Inc. All Rights Reserved

**Section:** Vol. 1; No. 1

**Length:** 229 words

**Byline:** Jeff Stimpson

## Body

---

**H&R Block** has unveiled its advertising campaign for this tax season, "Get Your Taxes Won," which is aimed at getting clients "the most money back on their taxes and having the best overall tax-filing experience."

The campaign will spotlight actor Jon Hamm, of "Mad Men" fame. Hamm is featured in several roles each of the TV and radio spots throughout the season, including a 1930s New York policeman and a Roman emperor.

"When I was starting out as an actor, I had no idea what to do with my taxes," Hamm said, adding that he used **H&R Block** to file.

"There are many correct ways to fill out a tax return and the IRS will accept all of them, but one way gets you the most money back," said Kathy Collins, **H&R Block's** chief marketing and strategy officer. "It takes knowledge, experience and judgment to know how to expertly navigate every deduction or credit of the Tax Code and get our clients the best financial outcome."

The campaign has begun earlier than in previous years and has more broadcast presence, to include high-profile programming, Collins said. The first television ad aired on Christmas night during a National Football League game, with digital and social programming also beginning Dec. 25. Collins said that ads will also air during the NFL playoffs and the NCAA College Football Championship.

Advertising agency Fallon Worldwide campaign created the campaign.

<http://www.accountingtoday.com/news/block-launches-tax-season-ad-campaign>

**Load-Date:** January 4, 2017

---

End of Document

# Block leases downtown space while new office tower is built

The Kansas City Star

October 19, 2004 Tuesday 1 EDITION

Copyright 2004 The Kansas City Star All Rights Reserved

**Section:** D; Pg. 7

**Length:** 199 words

**Byline:** By KEVIN COLLISON; The Kansas City Star

## Body

---

**H&R Block** has leased 35,000 square feet in the Town Pavilion to accommodate 130 employees until its new downtown headquarters is completed in late 2006.

Cyd Slayton, director of corporate communications, said the employees in the digital tax, digital tax marketing and Web development groups have occupied the 31st and 32nd floors of the tower at 12th and Main streets.

Town Pavilion is about a block north of the site of the **H&R Block** headquarters being built at 13th and Main.

Last year, **H&R Block** moved about 150 employees to Two Pershing Square, near Union Station, to relieve the space crunch at its world headquarters at 4400 Main.

A formal groundbreaking for the company's \$138 million headquarters project was held last week. When completed, about 1,500 Block employees are expected to occupy the 17-story tower.

For the Town Pavilion, the decision by Block to lease temporary space will help soften the blow when 220 AT&T employees leave after the first of the year. The 38-story building, Kansas City's second-tallest, has about 300,000 square feet, or about 40 percent of its 750,000 square feet of office space, available currently, said developer Keith Copaken of Copaken White & Blitt.

**Load-Date:** October 19, 2004

---

End of Document

# Block moves half its staff into new HQ

Kansas City Business Journal (Kansas & Missouri)

September 15, 2006 Friday

Copyright 2006 American City Business Journals, Inc. All Rights Reserved

**Length:** 191 words

## Body

---

About 800 employees and contractors are working in **H&R Block** Inc.'s new headquarters Downtown, about half the number who eventually will occupy the building.

Nick Iammartino, a spokesman for the Kansas City-based tax preparation and financial services company (NYSE: HRB), said in an e-mail Friday that employees and contractors in its information technology, financial advisers, accounting/finance, legal, human resources and corporate communications divisions are working in the new headquarters.

The company moved its Major Data Center equipment and components into the new building during the July 4 weekend. The first employees moved in on July 10.

The company expects to move in its corporate marketing and tax services employees and contractors, and its bank executives in several phases from late September to early October, Iammartino said.

Moves into the new building are scheduled for completion when top company executives occupy the 18th floor on Oct. 16.

Iammartino said the move-ins are on schedule and have caused minimal disruption to Block's business activities.

Block broke ground on the \$120 million headquarters on Sept. 15, 2004 .

**Load-Date:** September 15, 2006

---

End of Document

# Block names chairman of CompuServe unit;

## BUSINESS BRIEFS

The Boston Globe

October 15, 1996, Tuesday, City Edition

Copyright 1996 Globe Newspaper Company

**Section:** ECONOMY; Pg. D7

**Length:** 176 words

### Body

---

**H&R Block** Inc. appointed a new chairman of its CompuServe unit, extending the parent company's influence over the troubled provider of on-line service. Frank Salizzoni, 58, replaces Henry Frigon, who was named in June as CompuServe chairman.

Bob Massey continues as CompuServe's president and chief executive. Salizzoni was separately named chief executive and president of the tax-preparation company. He had been holding those positions on an interim basis since mid-June. Salizzoni said Block would try to bolster CompuServe's flagging fortunes before proceeding with a planned spinoff of the unit. CompuServe and other major providers of on-line computer service have been hurt by a proliferation of smaller providers that charge low-cost monthly rates. Block, the nation's largest tax preparer, announced the spinoff plans in February, saying the stock was undervalued by Wall Street. But in August, Block postponed a shareholder vote on the move. Block's stock dropped 5/8 to 27 on the NYSE. CompuServe dropped 1/8 to 11 3/4 on Nasdaq.

**Load-Date:** October 15, 1996

---

End of Document

## Block not alone

Advertising Age

February 12, 1990

Copyright 1990 Crain Communications, Inc.;

**Section:** VIEWPOINT; Letters; Pg. 37

**Length:** 90 words

**Byline:** Richard Tyler, VP-marketing, Triple Check Income Tax Service, Burbank, Calif.

### Body

---

Your Jan. 8 article on the 1990 ad campaign for **H&R Block** was interesting, well-written and -- in regard to one key fact -- incorrect.

I refer to the sentence identifying Block as "the only national chain of tax preparers."

Triple Check Income Tax Service will celebrate its 50th anniversary next year. It now has more than 300 offices in 44 states. Our quality service was cited by *Money* magazine last year, and *Entrepreneur* magazine regularly notes our "second in industry" standing in its annual franchise edition.

---

End of Document

# BLOCK OFFERS CREDIT CARD

Pittsburgh Post-Gazette (Pennsylvania)

March 6, 1993, Saturday,

ONE STAR EDITION

Copyright 1993 P.G. Publishing Co.

**Section:** BUSINESS,; NEWS BRIEFS

**Length:** 83 words

## Body

---

**H&R Block** Inc. said yesterday it is joining the growing list of businesses offering credit cards with an **H&R Block** MasterCard.

Cardholders would earn a \$ 5 rebate on tax preparation services for every \$ 500 they charge on the card during a year. The card has a \$ 9 annual fee and a 15.9 percent variable interest rate. It will be available in Alabama, Arizona, Arkansas, Colorado, District of Columbia, Georgia, Kansas, Louisiana, Maryland, Mississippi, Missouri, Montana, Ohio, Virginia and Wyoming.

**Load-Date:** September 20, 1995

---

End of Document



# Block offers fine new setting for KC Rep

The Kansas City Star

January 31, 2007 Wednesday

Copyright 2007 The Kansas City Star All Rights Reserved

**Section:** B; Pg. 8

**Length:** 262 words

## Body

---

The Kansas City Repertory Theatre long has provided this area with professional, high-caliber performances from its Spencer Theatre on the campus of the University of Missouri-Kansas City.

Beginning Friday, the KC Rep takes a giant leap toward recognition as a top-tier regional theater with the opening of its second performance site, the Copaken Stage in the **H&R Block** Center downtown.

The 320-seat theater is a wonderful collaboration between corporate America and the arts community. The new stage is located within the new **H&R Block** headquarters at 13th and Walnut streets. The Copaken Stage offers half the seating of the Spencer Theatre, which means completely different productions can be offered by the two venues simultaneously. The rock musical "Love, Janis" opens on Friday at the Copaken Stage.

The impetus for this imaginative arrangement came from longtime civic leader and banker Bill Nelson, who has led the Rep board in one capacity or another for more than six years. Nelson realized the new Block center would include a lecture hall for training sessions for its employees. Working with **H&R Block** Chief Executive Mark Ernst, the two embarked on a deal that exemplifies the expression "a win-win situation."

The result is a beautiful new stage for the KC Rep in the heart of the emerging entertainment district, built at about a third of the cost expected to construct a new theater. And **H&R Block** solidifies its presence as an anchor of downtown's redevelopment while providing a model for how Fortune 500 companies can support the arts.

Applause. Applause.

**Load-Date:** January 31, 2007

---

End of Document

# Block Offers Free ITIN Renewals

accountingtoday.com

September 30, 2016

Copyright 2016 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** TAX PRACTICE; Vol. 1; No. 1

**Length:** 164 words

**Byline:** Jeff Stimpson

## Body

---

**H&R Block** is offering taxpayers who use an ITIN a free renewal before next season.

The 23.1 million ITINs issued since 1996 will start expiring as early as January due to the PATH Act enacted last December. ITIN renewal procedures will most impact two groups of taxpayers this year: those with a "78" or "79" in the middle of their ITIN, and ITIN holders who haven't filed a U.S. tax return for tax years 2013, 2014 or 2015.

These taxpayers can renew their ITINs, as well as the ITINs of any of their family members, for free at **H&R Block** offices.

Individuals whose ITINs will be expiring need to have current documents to prove their identity and foreign status. The IRS will accept original and unexpired passports as standalone proof for primary taxpayers and spouses and for dependents in some cases. Other documents that prove either identity or foreign status include State Department visas, U.S. or foreign driver's licenses, military ID cards, and birth certificates, among others.

<http://www.accountingtoday.com>

**Load-Date:** September 30, 2016

---

End of Document

# Block Offers On-Line Updates To Compuserve Cardholders

The American Banker

October 19, 1994, Wednesday

Copyright 1994 American Banker, Inc.

**Section:** CREDIT/DEBIT/ATMS; Pg. 18

**Length:** 473 words

**Byline:** By VALERIE BLOCK

## Body

---

Propelling credit card accounts onto the information superhighway, Block Financial Corp. is allowing holders of the cobranded Compuserve Visa card to view their transaction activity on their personal computer screens.

Block said the service, called the Conductor Card Review, is the first national on-line transaction review service for credit cards. It is likely to be offered to other cardholders, but for now it is available only for Compuserve Visa cards, issued by Columbus Bank and Trust of Columbus, Ga.

Block Financial, which offers the Managing Your Money personal finance software, and the Compuserve on-line computer network are subsidiaries of **H&R Block**, the income tax specialists.

William P. Anderson, president and chief executive officer of Block Financial, said, "We're interested in selling the on-line service to banks as an enhancement to their credit card programs."

The Conductor Card Review, free for all 2.3 million Compuserve subscribers but useful only to the 40,000 Compuserve Visa customers, provides 24-hour access to the month's transactions. Unlike similar tracking services, records are updated every 24 hours.

Block Financial will also provide free software that will enable consumers to download their records into any financial software package, including Managing Your Money or the Quicken product of Intuit Inc., Block's main competitor.

Intuit offers a monthly card review service for its IntelliCharge Visa cardholders. A monthly statement is available on diskette or downloaded from Compuserve, but the cardholder would not get up-to-date on-line information on balances, interest charges, and transactions.

Mr. Anderson said what the Conductor offers would be a boon to all card programs.

## Block Offers On-Line Updates To Compuserve Cardholders

"If consumers think they can access their credit card balance, they will be induced to use that card to exclusion of others," said Mr. Anderson.

Through market research with Compuserve users, Block Financial found that from a long list of enhancements, on-line account access was what they liked best, said Mr. Anderson.

Mr. Anderson said the company is ready to talk to banks immediately to deliver the service to cardholders. He would not disclose the price of the program, but said, "We believe a bank will more than pay for the cost (of the service) through increased usage."

Cardholders will benefit from having the information downloaded into their home systems, and will save the time involved in inputting and tracking the expenses for business or tax purposes.

Block Financial has separately moved to make Managing Your Money a part of PC-based banking programs. In recent weeks it has announced marketing alliances with Visa International's Visa Interactive unit and Interactive Transaction Partners, a joint venture of Electronic Data Systems Corp., U S West, and France Telecom.

**Load-Date:** October 18, 1994

---

End of Document

# BLOCK, ONMONEY DEBUT ONLINE FINANCIAL ADVISERS

The New York Post

January 13, 2000, Thursday

Copyright 2000 N.Y.P. Holdings, Inc. All rights reserved.

**Section:** All Editions; Pg. 041

**Length:** 487 words

**Byline:** Beth Piskora

## Body

---

Just in time to take advantage of all those Americans who made New Year's resolutions to take control of their finances, **H&R Block** finally unveiled its long-awaited plan to expand beyond tax preparation.

The company yesterday unveiled a complete line of financial services products -- from financial planning and investment advice to brokerage services, mutual funds, mortgages and credit cards.

Figuring that the 16 million American who already have **H&R Block** accountants prepare their taxes also want financial advice, the company will prepare a personalized financial plan for free for anyone who asks.

Customers can then execute the plan through an **H&R Block** office or through its site on the Internet, [www.hrblock.com](http://www.hrblock.com).

But the tax giant faces some competition online. OnMoney.com, an online site supported by Standard & Poor's, also launched its free online financial planning site yesterday.

The Post took a look at both sites, and determined that while OnMoney.com is useful for independent-minded investors, **H&R Block** is probably the better option for investors who want a little hand-holding, even though it does require at least one visit to a Block Financial office first to get the personalized financial plan.

The biggest problem with OnMoney is the information that a user must provide before the site offers even the first bit of financial advice or recommendations on asset allocation for investments.

And about that asset allocation: Is it really appropriate for a 36-year-old who's already made a half-million dollars in the market over the last few years to have the same breakdown of assets as a 25-year-old who's just starting to invest?

That's exactly what OnMoney advises: a mix of 35 percent large-cap stocks, 30 percent mid-cap, 10 percent small-cap, 5 percent international, 10 percent bonds and 10 percent high-yield bonds.

## BLOCK, ONMONEY DEBUT ONLINE FINANCIAL ADVISERS

Only when a 60-year old who owns his own home and has considerable retirement assets tried the site did it offer a different allocation of assets: 40 percent stocks, 45 percent bonds and 15 percent in a money market.

OnMoney.com does not make specific recommendations as to which stocks and mutual funds are best.

At **H&R Block**, of course, the company probably already has much of the necessary information about salary and investments from the client's tax return, so there is no need to re-enter that information. And **H&R Block** does recommend specific mutual funds, from well-known families like Fidelity, T. Rowe Price, Franklin Templeton, AIM and Goldman Sachs.

-----

Report card:

How the two new online financial planning sites rate (out of four stars):

(Web site, Ease of getting started, Overall ease of use, Quality of Advice given, Number of stocks and funds offered, Value of site)

\*www.hrblock.com: 0\*, 1.5, 3.5, 3, 2.5

\*www.onmoney.com: 2, 3, 1, 0, 1

\*Clients must first visit an **H&R Block** office to get a personalized financial plan before they can work on that plan online.

## Graphic

---

-**H&R Block** chairman Henry Bloch

-OnMoney's new financial planning site.

**Load-Date:** January 13, 2000

---

End of Document

# Block picks developer for main office

The Kansas City Star

February 3, 2004 Tuesday 1 EDITION

Copyright 2004 The Kansas City Star All Rights Reserved

**Section:** D; BRIEF; Pg. 4

**Length:** 502 words

**Byline:** By KEVIN COLLISON; The Kansas City Star

## Body

---

**H&R Block** has picked a Houston firm to develop its \$120 million headquarters in downtown Kansas City, Block officials said Monday.

The Houston firm, Hines, which has developed headquarters and other major office projects in cities around the world, was chosen from a group of six firms that responded to a request for proposals that **H&R Block** issued in December.

Though local companies were among those responding, **H&R Block** spokeswoman Linda McDougall said Block was impressed with the breadth of Hines' experience and its reputation for designing a building from the inside out to accommodate the needs of employees.

"It wasn't that local developers aren't good; it was just that Hines was better," she said.

The 500,000-square-foot building is planned for 13th and Main streets on a site south of the old Jones Store in the South Loop area of downtown. The schedule calls for construction to begin in July with completion by late 2006. The building will accommodate 1,800 people, and **H&R Block** expects to move 1,450 employees there when it opens.

McDougall declined to discuss Hines' development fee for the project, but estimates contained in the tax-increment financing plan reviewed by the TIF Commission showed \$3.8 million budgeted as a development fee for the project.

Hines has developed more than 700 projects around the world and has assets valued at \$13 billion. It recently was among a group of companies responding to a request for proposals put out by the Port Authority of Kansas City for redeveloping a 55-acre site the agency controls next to the Berkley Riverfront Park.

## Block picks developer for main office

Hines also participated in the redevelopment of Kansas City's Union Station. Other major projects include the First Union Financial Center in Miami; the Galleria and Pennzoil Place in Houston; 222 Berkeley in Boston; Three First National Plaza in Chicago; 101 California in San Francisco; and 450 Lexington in New York.

The **H&R Block** project is expected to be the anchor of an overall redevelopment of the South Loop area that will include an entertainment district to be developed by the Cordish Co. of Baltimore. A South Loop Tax Increment Financing Plan was endorsed by the TIF Commission two weeks ago and is being reviewed at City Hall.

"Hines is an excellent company with a terrific international reputation," said Blake Cordish, the company official in charge of the Kansas City project. "I am confident that Hines will do a first class job representing **H&R Block** on the development of its headquarters."

A tentative schedule calls for the South Loop redevelopment plan to be formally introduced to the Kansas City Council on Feb. 12 and for the council's Planning, Zoning and Economic Development Committee to review the plan Feb. 18.

To reach Kevin Collison, call

(816) 234-4289 or e-mail

[kcollison@kcstar.com](mailto:kcollison@kcstar.com)

First glance

**H&R Block** chose a nationally known developer to work on its planned headquarters.

Hines, a Houston firm, has developed big projects in cities including New York, Boston, Miami, Chicago and San Francisco.

**Load-Date:** February 3, 2004

---

End of Document



# Block plots changes for next tax season

The Kansas City Star

July 1, 2008 Tuesday

Copyright 2008 The Kansas City Star All Rights Reserved

**Length:** 471 words

**Byline:** GENE MEYER, The Kansas City Star

## Body

---

**H&R Block Inc.** just wrapped up its most successful tax year since 1999, but it already is planning some changes for next season, company executives told securities analysts today.

The nation's largest tax preparation chain, which earlier reported serving a record 23.5 million clients in the season ended last April, will aim to increase its 16 percent share by drawing more early-refund seekers to its recently expanded off-brand **Express Tax Service** network and by wooing more Latino and Hispanic clients, Richard Breeden, the company's chairman, said in a conference call.

Kansas City-based Block also intends to open more franchised **H&R Block** tax offices in its chain, which approached 12,800 company-owned and franchised locations last year. Block also plans during the next three years to close or convert about 300 of its least profitable offices to franchises to improve the chain's operating efficiencies, Breeden said.

Express Tax is a smaller Jacksonville, Fla., tax chain specializing in low cost tax work and quick turnaround for clients with simple returns. Block bought the chain in 2006, doubled its size to 400 units and intends to add about 200 more next year, Breeden said.

Tax service executives also are re-evaluating the pricing and other strategies followed at Block's online digital and software tax operations, which lost market share in the just ended season even though more clients were served, said Tim Gokey, the company's retail tax operations president.

More clients came to Block online through the **Internal Revenue Service**-sponsored **Free File Alliance**, through which Block and 18 other tax software publishers offer free tax calculation and filing to potentially 70 percent of the tax-paying public. But the company's share of digital and software market outside the alliance decreased, in part because of some aggressive price competition from competitors, Gokey said.

Block executives are working on a new digital marketing strategy for next year, which may include some version of nominally free service that its competitors offered this year, he said.

## Block plots changes for next tax season

Meantime, corporate parent Block is still deciding what to do with two other business units **H&R Block Bank** and **H&R Block Financial Advisors** whose performance Breeden, as a dissident shareholder, criticized last year in a proxy fight over the company's expansion into businesses far beyond tax work.

Both the bank and the advisers network potentially can offer Block tax clients benefits that competitors can't match, Breeden said Tuesday. But neither has yet contributed meaningfully to company profits or shareholders' fortunes, he said.

"We have time to take a patient look at those operations, but the bank and Advisors must generate adequate returns," he said.

To reach Gene Meyer at The Star, phone 816-234-4883 or send e-mail to [gmeyer@kcstar.com](mailto:gmeyer@kcstar.com)

**Load-Date:** July 1, 2008

---

End of Document

# Block reaffirms earnings guidance, says tax prep fees are up

The Associated Press State & Local Wire

April 2, 2003, Wednesday, BC cycle

Copyright 2003 Associated Press All Rights Reserved

**Section:** Business News

**Length:** 164 words

**Dateline:** KANSAS CITY, Mo.

## Body

---

**H&R Block** Inc. reaffirmed its earnings guidance Wednesday, saying fees from tax preparation are up over last year.

The Kansas City-based firm said it expects earnings of \$3.10 to \$3.25 per share in fiscal 2003, up 34 to 41 percent from the year before.

**H&R Block** said it expects growth in revenues per client and in online and software clients combined with cost controls would offset weakness in tax office client growth. The company expects revenues to exceed the target growth range of 10 to 15 percent for the year.

**H&R Block** said it pulled in \$1.5 billion in fees from tax preparation and related services from Jan. 1 through March 15, up 4.4 percent from the same period last year.

During that time, the company saw a 2.9 percent decrease in the number of tax returns prepared by employees in its offices. But the company saw a 45.2 percent increase in online and software clients.

The average fee per client served rose 7.9 percent to \$126.31.

**Load-Date:** April 3, 2003

---

End of Document

# Block Rejects Bid For CompuServe; Ex-Chairman Offered \$72.5 Million To Buy Unit He Founded in 1969

The American Banker

May 10, 1985, Friday

Copyright 1985 American Banker, Inc.

**Section:** Pg. 2

**Length:** 469 words

**Byline:** By DAVID O. TYSON

**Dateline:** NEW YORK

## Body

---

Directors of **H&R Block** Inc. have rejected a \$72.5 million bid to buy CompuServe submitted by ousted chairman Jeffrey M. Wilkins.

They took the action Wednesday at their regularly scheduled meeting at **H&R Block** headquarters in Kansas City, Mo. Mr. Wilkins, fired as CompuServe chairman on April 29, had remained as a director of the parent **H&R Block** but resigned after the Wednesday meeting.

Mr. Wilkins had founded CompuServe as a computer time-sharing firm in 1969. It introduced a videotex service in 1979 and was sold to **H&R Block** in 1980. His dismissal stemmed largely from a dispute with **H&R Block** over its rejection of his proposal that key CompuServe officers be allowed to invest in CompuServe stock.

Henry W. Bloch, president and chief executive officer of the tax preparation service company, issued a statement following the board meeting.

"The board has given the unsolicited proposal by Mr. Wilkins careful and thorough consideration, as we would any bona fide offer," he said.

"Our conclusion has been and continues to be that it would not be in the best interests of our company, its employees, and its shareholders to divest ourselves of CompuServe, which continues to play a key role in our strategy for corporate growth and profitability."

Mr. Bloch said **H&R Block** has invested more than \$20 million in CompuServe since it acquired the firm in 1980. That, he said, has enabled CompuServe "to successfully enter new businesses, including the home information services and value-added network services markets."

"These strategic investments are beginning to pay off in accelerating earnings and revenue growth at CompuServe," he continued.

"We have every intention of continuing on this promising course and making the additional commitments of resources and management attention that are necessary to strengthen CompuServe's leading industry position."

Mr. Bloch said that the offer to buy CompuServe was not a new idea, and that Mr. Wilkins over the past six months had proposed buying various amounts of the firm.

"Discussions with Wilkins led us to retain two independent consulting firms to evaluate CompuServe and its present business and prospects," Mr. Bloch said.

Both advised against divesting any part of CompuServe, Mr. Bloch said, and an earlier Goldman, Sachs & Co. study had the same conclusion.

Mr. Bloch said he is confident the management now at CompuServe "is committed and capable of assuring the company's future as a premier computer services company."

The CompuServe management remains intact, except for David C. Swaddling, who resigned as CompuServe chief financial officer following the Wilkins dismissal. Charles W. McCall, who was president and chief operating officer, replaces Mr. Wilkins as chief executive officer. He came to CompuServe in 1977 from IBM and Service Bu

---

End of Document

# Block Rejects Compuserve Bid

The New York Times

May 9, 1985, Thursday, Late City Final Edition

Copyright 1985 The New York Times Company

**Section:** Section D; Page 4, Column 6; Financial Desk

**Length:** 132 words

## Body

---

The board of **H & R Block** Inc. formally rejected a \$72.5 million offer to buy the company's Compuserve Inc. subsidiary.

**H & R Block** Inc board rejects \$72.5 million from investment group headed by Jeffrey M Wilkins to purchase Compuserve Inc (S)The offer was from an investment group headed by Jeffrey M. Wilkins, the former chairman and chief executive of the computer services concern.

Mr. Wilkins was dismissed last month by Block in a disagreement over whether Compuserve's management should be allowed to have equity in the company, a position Mr. Wilkins favored strongly. Henry W. Bloch, chairman of the Kansas City, Mo., tax preparation company, in a statement said, "It would not be in the best interest of our company, its employees and its shareholders to divest itself of Compuserve."

---

End of Document

# Block reports best tax season since 1999

The Wichita Eagle (Kansas)

May 12, 2008 Monday

Copyright 2008 The Wichita Eagle All Rights Reserved

**Length:** 56 words

**Byline:** Kansas City Star

## Body

---

**H&R Block** Inc. said today that this year's tax season was its best since 1999.

The Kansas City, Mo., company said it saw growth in the number of clients served, the average fee collected and total sales for both company-owned offices and franchise operations.

Net tax preparation fees grew 8.9 percent over a year ago, to almost \$2.8 billion.

**Load-Date:** May 12, 2008

---

End of Document

# Block reports increase in tax business, big boost in new customers

Dollars and Sense

February 23, 2011 Wednesday 2:00 AM EST

Copyright 2011 Newstex LLC  
All Rights Reserved  
Newstex Web Blogs  
Copyright 2011 Dollars and Sense

**Length:** 269 words

**Byline:** Steve Rosen

## Body

---

Feb. 23, 2011 (McClatchy-Tribune Regional News delivered by Newstex) -- **H&R Block** (NYSE:HRB) on Wednesday reported a good start to tax-filing season, fueled by a 23 percent boost in new customers.

The Kansas City-based financial services firm attributed the increase in customers largely to ramped-up marketing efforts, such as its free federal 1040 EZ offer. The company had made it a priority to improve its customers head count after a disappointing tax season last year.

"Reversing recent trendss, we saw our client base grow in the first half of the season and believe we have gained share in both the retail and online markets," said Alan Bennett, Block's president and chief executive officer.

Shares in Block closed Wednesday at \$14.18, up 3 cents.

In its first update during tax season, Block said total returns prepared through Feb. 15 grew 2.5 percent from the same period in 2010.

That growth was led by a 28 percent increase in returns prepared online, and a 7.3 percent jump in digital returns.

However, Block said its net tax preparation fees through mid-February fell 7.6 percent because the Internal Revenue Service delayed the start for filing more complex tax returns until Feb. 14 to account for late changes last year in federal tax laws.

Block's revenues were also hampered by the loss of its refund anticipation loan product.

The company said it also expects "near-break-even" profits in its fiscal third quarter that ended Jan. 31. Block will release quarterly results March 9.



It said it expects to report revenue of about \$850 million for the quarter.

Newstex ID: KC-3759-100972143

## Notes

---

Distributed by McClatchy-Tribune Information Services. For more information about the content services offered by McClatchy-Tribune Information Services (MCT), visit [www.mctinfoservices.com](http://www.mctinfoservices.com). The views expressed on blogs distributed by Newstex and its re-distributors ("Blogs on Demand®") are solely the author's and not necessarily the views of Newstex or its re-distributors. Posts from such authors are provided "AS IS", with no warranties, and confer no rights. The material and information provided in Blogs on Demand® are for general information only and should not, in any respect, be relied on as professional advice. No content on such Blogs on Demand® is "read and approved" before it is posted. Accordingly, neither Newstex nor its re-distributors make any claims, promises or guarantees about the accuracy, completeness, or adequacy of the information contained therein or linked to from such blogs, nor take responsibility for any aspect of such blog content. All content on Blogs on Demand® shall be construed as author-based content and commentary. Accordingly, no warranties or other guarantees will be offered as to the quality of the opinions, commentary or anything else offered on such Blogs on Demand®. Reader's comments reflect their individual opinion and their publication within Blogs on Demand® shall not infer or connote an endorsement by Newstex or its re-distributors of such reader's comments or views. Newstex and its re-distributors expressly reserve the right to delete posts and comments at its and their sole discretion.

**Load-Date:** February 23, 2011

---

End of Document

# **Block reports profit for the first quarter; Firm has earnings of \$10.6 million, or 6 cents a share**

Kansas City Star

August 27, 2003, Wednesday

METROPOLITAN EDITION

Copyright 2003 The Kansas City Star Co. All Rights Reserved

**Section:** BUSINESS;

**Length:** 590 words

**Byline:** DAN MARGOLIES; The Kansas City Star

## **Body**

---

Driven by its mortgage business, **H&R Block** Inc. on Tuesday reported first-quarter earnings of \$10.6 million, or 6 cents per share.

The results for the fiscal quarter, which ended July 31, marked only the second time Block has reported a first-quarter profit. The first was in fiscal 1996, largely due to the results of a computer services subsidiary, CompuServe Inc., which Block sold in 1998.

Because of the seasonal nature of its tax business, the Kansas City-based financial services company often reports losses or small profits in all but the fourth-quarter tax season. Last year, Block posted a first-quarter loss of \$9.5 million, or 5 cents per share.

The earnings of 6 cents per share beat analysts' consensus estimate of 1 cent per share.

Revenues were \$494.8 million, up 14.7 percent.

The "results show the strength we have in our mix of businesses," Mark Ernst, Block's chairman and chief executive, said

Block reports profit for the first quarter; Firm has earnings of \$10.6 million, or 6 cents a share in a news release. "Our fiscal year is off to a solid start. We're on track to meet our growth objectives this year."

Shares in Block closed Tuesday at \$41.74, up 49 cents. The earnings report was released after the close of trading.

Block's mortgage operations, which include Option One Mortgage Corp. and **H&R Block** Mortgage Corp., reported a 21 percent increase in revenues to \$302.9 million, driven by a 57 percent increase in loan originations. Pretax income rose 11.4 percent to \$163.8 million.

Ernst said more than half of Block's retail mortgage loans in the quarter were to clients of other Block businesses.

"This success is an indicator of the strength of our financial services strategy," he said.

Earnings from tax operations were flat. The pretax loss rose 0.7 percent, to \$94.7 million from \$94 million. Revenues increased 27.4 percent to \$29.7 million.

Other Block segments and their first-quarter results:

The business services segment, which includes RSM McGladrey Business Services Inc. and its subsidiaries, reported a pretax loss of \$6.7 million, compared with a \$4.3 million pretax loss a year earlier. Revenue rose 3.3 percent to \$98.5 million.

Ernst said modest growth in the company's accounting and tax services were offset by "a soft economy that hurt other aspects of our business."

The investment services segment, **H&R Block** Financial Advisors Inc., reported a pretax loss of \$13.8 million, compared with a pretax loss of \$32.8 million a year earlier. Last year's loss, however, included an \$18.8 million reduction in the book value of the segment because of a decline in financial market conditions. Revenues fell 2.9 percent to \$57 million.

Block reports profit for the first quarter; Firm has earnings of \$10.6 million, or 6 cents a share

International tax operations, mainly in Canada, Australia and the United Kingdom, posted a pretax loss of \$6.4 million, slightly less than last year's \$6.5 million. Revenues rose 27.5 percent to \$5.5 million.

Block said it also recorded about \$1 million in expenses related to stock options and restricted stock. The company began expensing stock options in May.

Also Tuesday, Block said it had hired Brad C. Iversen as senior vice president and chief marketing officer.

Iversen, a 20-year marketing veteran, founded Catamount Marketing, a Minneapolis-based consulting and marketing firm. Before that, he held a series of financial services jobs.

Iversen replaces David Byers, who became senior vice president-national tax operations in April.

## Graphic

---

Photo, Mark Ernst

**Load-Date:** August 27, 2003

---

End of Document

# Block Results Up, Thanks to CompuServe, But Stock Down

Newsbytes

June 24, 1994, Friday

Copyright 1994 Post-Newsweek Business Information Inc.

**Section:** NEWS

**Length:** 290 words

**Dateline:** KANSAS CITY, MISSOURI, U.S.A.

## Body

---

(NB) -- Thanks to its CompuServe unit, **H&R Block** said its net earnings rose 11 percent for the year ending in April. But analysts downgraded the stock.

CompuServe was given credit for the good numbers by Block President Thomas Bloch. The online service and packet network business had pre-tax earnings of \$102.3 million, up 38.2 percent from a year earlier, on revenues of \$429.8 million.

After taxes, the company earned \$200.5 million. The company said its CompuServe online service had 1.9 million members at the end of the fiscal year, up 46 percent from a year earlier. And the network division also showed strong gains, adding 123 new accounts to end the year with 586.

The problems were in **H&R Block** Tax Services, which offers tax preparation services to consumers and businesses. Its pre-tax earnings rose just 3.9 percent, to \$198.7 million, and the number of customers served by the unit actually fell slightly, which Block blamed on Canadian tax-law changes that resulted in fewer tax returns with refunds.

As a result, analysts downgraded the stock. Dean Witter cut its earnings estimates for next year by 20 cents per share due to margin concerns. Kidder Peabody also downgraded the stock, which fell about 5 percent in price on US exchanges after the results were announced.

Other analysts noted that the stock is currently trading at over 20 times earnings, a much-higher multiple than the stock market's average. That means any slowdown in CompuServe's earnings momentum could drag the stock down further. With new competition coming from Microsoft and Ziff, and with the Internet soaking up new users every day, analysts question whether that is possible.

816-753-6900)

Block Results Up, Thanks to CompuServe, But Stock Down

**Load-Date:** July 23, 1998

---

End of Document

# BLOCK'S ACQUISITION OF INTERIM IS 95% DONE

Los Angeles Times

February 5, 1991, Tuesday, Southland Edition

Copyright 1991 The Times Mirror Company; Los Angeles Times All Rights Reserved

**Section:** Business; Part D; Page 7; Column 4; Financial Desk; Wire

**Length:** 49 words

**Byline:** EKC

By United Press International

**Dateline:** Kansas City, Mo.

## Body

---

<EC REG <DE FI <PC FI <TM WI

**H&R Block** Inc. has acquired about 95% of the shares of Interim Systems Corp. in a cash tender for the New Jersey-based temporary help agency.

About 94.8 million shares have been acquired for \$42.6 million, Block said. The remaining shares will be purchased at the same \$1.66-a share price, it said.

---

End of Document

# Block's chief is downtown's man of the moment

The Kansas City Star

October 7, 2003 Tuesday

Copyright 2003 The Kansas City Star All Rights Reserved

**Length:** 732 words

**Byline:** By KEVIN COLLISON; Columnist

## Body

---

This fall is shaping up to be a pivotal time for downtown's revitalization, and a transplant businessman with small-town roots will have a huge say over what happens next.

Mark A. Ernst, the 45-year-old chairman and chief executive of **H&R Block**, has become downtown's man of the moment.

It will be primarily up to him to determine where **H&R Block** builds its new headquarters. With a projected 750,000 square feet of office space and more than 1,000 employees, the building will have a major impact wherever it goes.

City and civic leaders want that crucial investment downtown, preferably in the South Loop. They have been lobbying Ernst for months, and sources say he is listening hard.

No decision is expected from the company until late fall, but I want to add my voice to the chorus.

Simply put, a decision to locate the headquarters of one of the better-known corporations in America in downtown Kansas City would mark an epic turning point in the psychology of this community.

Downtown has had a slow but steady turnaround over the past few years. New housing developments are being regularly announced, and the Downtown Community Improvement District has been a big hit its first year.

Still, except for **Stinson Morrison Hecker's** gutsy decision to consolidate its law offices at 1201 Walnut, the news on the employment front hasn't been great.

Housing as a downtown revitalization strategy is vital, particularly when it comes to reclaiming obsolete buildings. But large employers bring the economic juice that can restore whole blocks.

The South Loop is a six-block-plus tract of downtown real estate that's needed help for decades. It rotted under the failed Power & Light plan and now holds the title of being downtown's biggest wound.



Block's chief is downtown's man of the moment

It's often the first and only thing visitors coming to Bartle Hall and the Midland Theatre see, and that impression unfairly poisons the reputation of the entire downtown area.

What city leaders have in mind, if **H&R Block** is willing, is rebuilding the South Loop into a downtown entertainment district with the company's new headquarters as an anchor.

The district would provide much-needed attractions for the convention industry and could generate the revenues needed to build and operate a proposed sports arena at 14th Street and Grand Boulevard.

Ernst is willing to play ball if it makes economic sense, sources say, but only if the South Loop becomes an environment where his employees feel comfortable.

To me, it sounds like there's enough good will and mutual interest for a real breakthrough here.

Trying to bring this all together is the **Cordish Co.**, a Baltimore firm with a reputation for creating urban entertainment districts. The company recently entered into a development agreement with the **Economic Development Corp.**

Cordish representatives, I've been told, also have met directly with Ernst. Ultimately, his judgment of what the Baltimore crew can bring to the table to transform the South Loop will be what counts.

The **H&R Block** executive, a certified public accountant, is described as having razor-sharp analytical skills and a focus on performance and how the numbers add up.

He has an MBA from the **University of Chicago** and an undergraduate degree with honors from **Drake University** in Des Moines. He grew up in Bellevue, Iowa, a small town on the Mississippi River near Dubuque.

Ernst became chief executive of **H&R Block** in 2000, only two years after he arrived in Kansas City from Minneapolis, where he had worked for **American Express**. He became chairman of the company a year ago.

While Ernst clearly has the drive to be a top executive, he's apparently not all business. Sources say he has compassion for the little guy and feels strongly about helping the community.

In the short time he's arrived in Kansas City, Ernst has served as chairman of the **March of Dimes**, become co-chairman of the **Kansas City Area Development Council** and become a member of the **Civic Club**.

Now he may be on the verge of becoming a pivotal player in re-establishing downtown Kansas City as the undisputed hub of the region.

Having **H&R Block** lend its Fortune 500 prestige to downtown's revival would be the shot heard round the metro that it's safe for businesses and developers to come back after generations of running away.

I sincerely hope Ernst pulls that trigger.

To reach Kevin Collison, development reporter, call (816) 234-4289 or send e-mail to [kcollison@kcstar.com](mailto:kcollison@kcstar.com)

Block's chief is downtown's man of the moment

**Load-Date:** October 7, 2003

---

End of Document

# Block Sells Worldcom Stock to Goldman

The New York Times

February 3, 1998, Tuesday, Late Edition - Final

Copyright 1998 The New York Times Company

**Distribution:** Business/Financial Desk

**Section:** Section D; ; Section D; Page 7; Column 5; Business/Financial Desk ; Column 5;

**Length:** 160 words

**Byline:** Bloomberg News

**Dateline:** KANSAS CITY, Mo. Feb. 2

## Body

---

**H & R Block** Inc. said today that it had sold its 30.1 million shares of Worldcom Inc. to Goldman, Sachs & Company for \$34.375 a share, or \$1.03 billion.

**H & R Block** got the shares after selling its stake of the Compuserve Corporation to Worldcom. Worldcom paid \$1.3 billion in stock for Compuserve in a move to offer a range of Internet services to corporations.

**H & R Block**, the tax and financial services company based here, sold its 80 percent stake in Compuserve to focus on building its tax preparation and financial services business.

"We just wanted to go our separate ways," said **H & R Block's** treasurer, Brian Schell.

**H & R Block** sold the shares at a discount to their closing price today of \$35.25. **H & R Block's** shares fell 87.5 cents, to \$43.

The company also said today that it planned to buy back up to 15 million of its common shares, or about 14 percent of its outstanding stock. The company currently has about 105 million common shares outstanding.

**Load-Date:** February 3, 1998

---

End of Document

# Block's less taxing future; Firm recasts itself as finance expert for mass market - Correction Appended

Advertising Age

 **Correction Appended**

Copyright 2001 Crain Communications Inc.

**Section:** Pg. 6

**Length:** 499 words

**Byline:** Mercedes Cardona

## Body

---

**H&R Block** kicks off tax season this month with its first campaign from its new ad agency, Campbell Mithun, Minneapolis, in an effort to show the company is about more than just tax preparation.

Campbell Mithun replaced Y&R Advertising, New York, last year on the general advertising, direct marketing and consumer promotions portion of Block's \$100 million global account. In addition to TV, print and radio advertising, the new push, breaking today, includes direct and online marketing, a million-dollar contest tie-in with ABC's "Who Wants to be a Millionaire" and promotional tie-ins with retailers and technology companies.

The campaign's tagline, "Just Plain Smart," stakes out the company's spot in the marketplace, said David Byers, Block's senior VP-chief marketing officer. "Our positioning in the financial services world is we're the accessible provider to Middle America. No one else has it," Mr. Byers said.

All financial services providers chase the same set of high income individuals, but few go after the average consumer, he said. "They're under-banked, they're under-brokeraged, they're under-financial-planned," Mr. Byers added. But those first-time investors, playing catch-up, tend to put down larger amounts than veteran investors, he said.

Block's new effort is more product-focused than last year's brand-oriented work, which highlighted tax preparation. This month, Block introduces Express IRA, a retirement-saving account that can be opened with the client's tax refund.

The first TV commercials focus on Block's ability to navigate complex tax forms and speed up refunds. In one TV spot, a tax client marvels at his refund. "I can smell it," he says, sniffing his 1040. In another, a tax preparer touts the company while money piles on every surface around the office-until a staffer must move the cash out of the way with a leaf blower.

Block's less taxing future; Firm recasts itself as finance expert for mass market - Correction Appended

Block will broaden its ad focus in spring to promote financial planning and mortgage services. The creative is still under development, but both will use the "Just Plain Smart" tagline.

Block's move last January to broaden its services to that of a year-round financial services company was well received by Wall Street analysts because it compensates for the seasonal swings in Block's tax business. Until 1999, virtually all its profits were made during the first quarter of each year. Now, the company hopes to leverage its relationship with more than 16 million U.S. tax preparation clients to expand the other lines of business.

That cross-selling amounts to a strong advantage, Mr. Byers said, noting the annual tax refunds are seen by consumers as "America's bonus program"-often the only savings households have all year. By being there when the refunds are calculated, Block's staff has the inside line in converting those tax customers into financial services clients with no acquisition costs to drain profits. "They're already sitting there. We already have them as tax customers. It costs us nothing," he said.

## Correction

---

\* In "Block's less taxing future" (Jan. 15, P. 6), the contest tie-in with ABC-TV's "Who Wants to be a Millionaire?" is being handled by **H&R Block's** media agency, The Media Edge, New York. Campbell Mithun, Minneapolis, handles creative for Block.

**Correction-Date:** February 05, 2001

## Graphic

---

Speed matters: Block's refund promise.

**Load-Date:** February 9, 2001

---

End of Document

# Block's Profit Increases Sixfold

The New York Times

February 28, 2002 Thursday

Late Edition - Final

Copyright 2002 The New York Times Company

**Section:** Section C; Column 6; Business/Financial Desk; Pg. 8

**Length:** 120 words

**Byline:** Bloomberg News

**Dateline:** KANSAS CITY, Mo., Feb. 27

## Body

---

H & R Block Inc., the tax preparer, said its profit rose more than sixfold in its most recent quarter.

The company said income rose to \$29.6 million, or 16 cents a share, from \$4.46 million, or 2 cents, a year earlier.

Revenue in the period, which ended Jan. 31 and was the third quarter of Block's fiscal year, increased 11 percent to \$728 million.

An early marketing campaign that warned about the complexity of new tax laws increased earnings, the chief executive, Mark Ernst, said in a statement. The company's mortgage business, which reported a doubling in pretax earnings, also helped, he said.

The company, which is based in Kansas City, raised its estimate for full-year profit to a range of \$2.20 to \$2.30.

<http://www.nytimes.com>

**Load-Date:** February 28, 2002

---

End of Document

# Block tests phone service

Advertising Age

January 7, 1991

Copyright 1991 Crain Communications, Inc.;

**Section:** NEWS; Pg. 8

**Length:** 282 words

**Byline:** By Kate Fitzgerald

## Body

---

**H&R Block** is kicking off tax preparation season with some different ways to lure customers.

Besides its usual array of services, the nation's largest tax preparer is testing a 900-number service to attract people who prepare their own taxes.

Those who get stuck while doing their taxes can speak to an **H&R Block** representative by dialing 1-900-46-TAXES.

Although the 900 number is being promoted only in Texas, Arizona and Rhode Island, people nationwide can reach the service by calling a number available at **H&R Block's** tax centers.

The service costs \$ 2 for the first minute and \$ 1 for each additional minute.

"We're aiming for people who do their own taxes who have a few sticky questions they need to have answered, and we're hoping it will grow into another area of business for us," said Jeanie Lauer, **H&R Block's** director of marketing.

The company's general ad campaign breaks today on network and spot TV. It consists of several 30-second commercials based on customer testimonials and includes an appearance by founder Henry Block.

The campaign promotes **H&R Block's** "Rapid Refund" electronic filing service and continues last year's theme, "America's tax team."

In some markets, **H&R Block** will also be testing its "Executive Tax Service." That service and the 900 number are supported by local TV and print ads.

Bernstein-Rein, Kansas City, Mo., handles **H&R Block's** \$ 10 million account.

The company's executive service is positioned as an alternative for customers "who need special attention for more complicated taxes without going all the way to an accountant," Ms. Lauer said. The service is available in Washington, Baltimore and Philadelphia.

Block tests phone service

---

End of Document



## Block to buy discount broker

The Times Union (Albany, NY)

September 2, 1999, Thursday,

ONE STAR EDITION

Copyright 1999 The Hearst Corporation

**Section:** BUSINESS,

**Length:** 78 words

**Dateline:** KANSAS CITY, Mo. -- Tax preparer **H&R Block**, which has been buying mortgage and accounting businesses, has

### Body

---

agreed to buy the nation's fourth-largest discount broker.

**H&R Block** said it is acquiring Detroit-based Olde Financial Corp., the parent company of Olde Discount Corp., for \$ 850 million in cash in its largest single acquisition yet.

The move takes the Kansas City-based **H&R Block** closer to its goal of becoming a one-stop financial-services center for mainstream families and provides it an opportunity to generate more revenue from its 16 million customers.

Associated Press

**Load-Date:** September 3, 1999

---

End of Document

# Block To Expand Financial Services

Associated Press Online

September 11, 1997; Thursday 15:42 Eastern Time

Copyright 1997 Associated Press All Rights Reserved

**Section:** Domestic, non-Washington, general news item

**Length:** 443 words

**Dateline:** KANSAS CITY, Mo.

## Body

---

Shareholders in **H&R Block** were assured that they will profit from the company's recent decision to sell its interest in the CompuServe on-line service.

The sale will allow the company to expand its mortgage and lending programs, President Frank Salizzoni told shareholders Wednesday at the company's 35th annual meeting.

**H&R Block** announced Monday that it would be part of a three-way deal that sells the company's interest in CompuServe for \$1.2 billion. The deal involved WorldCom Inc., a telecommunications company, and America Online.

"This transaction will allow us to focus all of our attention on our core business, and that's good news for Block shareholders," Salizzoni said.

During the session, which attracted about 200 stockholders, Salizzoni announced an agreement between Block and Geico Corp., the nation's sixth-largest automobile insurance company, to offer auto insurance information at some Block outlets.

The agreement will be tested in six states including Missouri.

"Geico is a highly rated, top-quality, low-cost provider that might help our clients save money on their car insurance," Salizzoni said. "We're not selling car insurance, we're providing information to our clients."

Salizzoni said **H&R Block**, which has about 10,000 offices worldwide, will open 285 new offices in the United States next year and expand its new tax preparation business in the United Kingdom.

A mortgage service tested in four states will be expanded into 60 cities in 30 states in the next fiscal year, he said.

## Block To Expand Financial Services

Board Chairman Henry Bloch said tax preparation is still a growth business, noting that the company's customer base grew by 5 percent last year.

"We've been saying all along that there is still growth potential in the tax preparation industry, and this past tax season proved it," Bloch said.

Electronic tax filing helped fuel the growth, Bloch said. The company filed electronic tax returns for 7 million customers in the last fiscal year, up 16 percent.

Bloch said he expects the tax preparation business to grow even more.

"The recent tax legislation brought many benefits to taxpayers, but not without some additional complications," Bloch said.

Salizzoni said the company is striving for an increase in both revenue and shareholder earnings of at least 15 percent in the next fiscal year.

"The real test of shareholder return will be what we can achieve for our stockholders in the future now that we have announced the sale of CompuServe," Salizzoni said.

(PROFILE

(CO:Block, H&R; TS:HRB; IG:HOU;)

(CO:WorldCom Inc; TS:WCOM; IG:TLS;)

(CO:America Online Inc; TS:AOL; IG:SVC;)

(CAT:Business;)

(CAT:Consumer;)

(CAT:Utilities;)

)

**Load-Date:** September 11, 1997

---

End of Document

## Block to sell WebCard Visa unit

The Times Union (Albany, NY)

January 26, 1999, Tuesday,

THREE STAR EDITION

Copyright 1999 The Hearst Corporation

**Section:** BUSINESS,

**Length:** 73 words

**Byline:** --; Bloomberg News

**Dateline:** KANSAS CITY, Mo. -- **H&R Block** Inc. said Monday it agreed to sell its WebCard Visa portfolio, with account

### Body

---

balances valued at more than \$ 181 million, to Provident Financial Corp. Terms were not disclosed.

The agreement, expected to close Friday, stems from **H&R Block's** sale of its controlling stake in Internet-provider CompuServe to WorldCom Inc. last year.

The company will now concentrate on offering tax products and services to its 15 million U.S. tax customers and 8,800 offices nationwide. Block had annual revenue of \$ 1.3 billion last year.

**Load-Date:** January 28, 1999

---

End of Document

# Block trading is off to a quick start in 1998

Investment Dealers' Digest

February 16, 1998

Copyright 1998 Investment Dealers' Digest, Inc.

Investment Dealers' Digest, Inc. makes no warranties, express or implied, including those of merchantability or fitness for a particular purpose.

**Section:** NEWS; Pg. 10

**Length:** 465 words

**Byline:** Brian Garrity

## Body

---

*Third-party block trading, which has risen in popularity over the last few years, is off to quick start in 1998 on the heels of a pair of jumbo deals by Goldman Sachs & Co. -- itself the kingpin of big block traders (along with the old Salomon Brothers) in 1997.*

In the first week of February, Goldman snapped up 15 million shares of Seagram Co.'s remaining 26.8 million Time Warner Inc. shares for \$ 64.38 apiece, and 30.1 million shares of WorldCom Inc. from **H&R Block Inc.** for \$ 34.375 a share. Goldman declined comment, but sources speculated the firm had buyers lined up and distributed the shares immediately.

Sources say that while smaller trades on the order of \$ 50 million to \$ 100 million drive the market, the frequency and size of the larger trades should continue to grow.

Large scale block trades, or third party trades, are transactions in which a firm puts up its own capital to buy a block of at least 10,000 shares. The firm then turns around and tries to sell the shares to institutional buyers.

"I think there's a bigger and bigger market for super-block trades as the buy-side, their money under management and their liquidity concerns, grow," said a trader.

According to insiders, the result is that mega-trades are now being viewed not just as a way to dispose of strategic positions but as a course of business.

"It's a painless process: You call somebody up and say, 'Hey, what do you pay?' And if it's close enough, people are willing to do that," said the trading head of a bulge bracket firm. "Today with the technology we have and the time constraints on people, you are seeing a lot of people who don't want to do roadshows, nor do they want to go through the market risk process."

Block trading is off to a quick start in 1998

And the appeal to such transactions is not just on the side of the seller. "There is a high desire on the part of clients to participate [in super blocks] when high quality merchandise becomes available," said a market player.

Others caution that third party trades are not always the best way to do a deal.

"Sometimes the patient process -- the process that requires more work and time -- is worth the money you spend on it versus just unloading stock," said another trader.

Certainly, block trading of all sorts is hot in the first six weeks of the year. According to Autex/BlockDATA of Thomson Financial Services, Merrill Lynch traded over 1 billion shares in U.S. listed securities in the month of January alone; Salomon Smith Barney traded over 800 million shares; Credit Suisse First Boston, Morgan Stanley Dean Witter, Donaldson, Lufkin & Jenrette, Goldman and Lehman Brothers traded 600 million shares; and Bear Stearns traded over 500 million.

"As long as you see inflows and the pressure to put money to work, the super-block trend will continue," the trading head concluded.

**Load-Date:** April 22, 1998

---

End of Document

# Block Tries Something New for Apr. 15

National Mortgage News

April 14, 1997

Copyright 1997 Faulkner & Gray

**Section:** Pg. 3

**Length:** 532 words

**Byline:** BY GLENN J. KALINOSKI

**Dateline:** Kansas City, MO

## Body

---

**H&R Block**, the well-known tax preparation company, has entered the rapidly growing subprime segment of the mortgage industry.

**H&R Block** has 31 of its approximately 8,500 offices providing A-minus through C mortgages in Virginia, North Carolina, Indiana and Colorado. Its goal is to add 100 offices per year to this initial group of 31.

"We don't have any goals at this time regarding volume," said Block Financial president Bill Anderson.

"We think approximately one-half of our branches would be suitable for this type of product. **H&R Block** has one of the most extensive distribution networks of financial-oriented companies in the U.S. and we have unsurpassed brand-name recognition. It's obvious that the best way to accelerate growth is to find products that are compatible."

Mr. Anderson said the endeavor has been in the planning stage for two to three years and the original proposal to the company's board of directors was made three years ago.

Tests were conducted in six Virginia offices last year in which **H&R Block** attempted to use tax preparers to originate loans. That method of origination was scrapped and the company has placed two people with a mortgage origination background in each of the 31 offices.

"It's an interesting marketing concept," said Christine Clifford, who is the vice president and partner with Columbia, MD-based David Olson Research.

"I've heard of studies involving focus groups that say that customers trust their accountants when it comes to referrals to mortgage companies. They have the ability to make an impact, but it's too soon to make an assessment regarding their chances for long-term success," said Ms. Clifford.

Respecting the confidentiality of information contained in tax returns in one of the challenges presented by the strategy.

"**H&R Block** would not do something that would be perceived to be improper," said Richard Bove, an analyst with St. Petersburg, FL-based Raymond James & Associates.

"When you do someone's taxes, you know if that individual needs money. You know what they have in terms of a mortgage and you have the picture that would allow you to see if they could use it. **H&R Block** is in a good position to reach the individual and maybe they can sell them something, but it's not going to be a lay-up."

As Mr. Bove pointed out, "The person doing taxes can't give that information to someone handling subprime mortgages. You've got to convince clients to go and seek out a mortgage. Whether they can make their tax people salespeople is the critical issue. They're dealing in a highly competitive arena. I'd say it's a long shot at this point."

Mr. Anderson addressed the confidentiality issue by saying that originators will have no access to tax return information. He also addressed issues regarding risk and incentives for tax preparers.

"We have tried to provide some modest incentives for tax preparers to make these referrals," Mr. Anderson said. "We are currently trying a number of incentives."

He went on to say, "We've found that the subprime customer has been a good customer in the past for refund anticipation loans. There is risk, but there are commensurate rewards. We just want to see how well it does."

## Graphic

---

Picture, Bill Anderson

**Load-Date:** April 23, 1997

---

End of Document



# Brand Builders; Positioning; New Kids on the Block

Adweek

April 15, 2002

Copyright 2002 VNU Business Media, Inc. All Rights Reserved

**Length:** 1567 words

## Body

---

It's one thing to talk about an image crisis of individuals (accountants) or institutions (the Internal Revenue Service), but what if the problem concerns the very subject of taxes? For years, **H&R Block**, the nation's leading provider of professional tax services, did little to instill consumers with a more favorable opinion of the matter. Its contribution to marketing lore: a series of dry commercials from the 1970s in which sage company founder Henry Bloch announced "Reason number. . ." to visit its offices.

Today's incarnation of the firm, however, is a lot less fuddy duddy. The modernization of the brand began in 2000 with a redesigned corporate logo and store layout, and continued with this year's new ad campaign, consumer promotions and tie-ins. Now, **H&R Block** wants to become America's financial partner as well. It has linked up with companies like US Airways and Sprint, providing employees access to information regarding its tax and financial-planning services, with the ultimate goal of being included as an option in workers' benefit packages.

Of course, no amount of branding may make taxes seem any less daunting. But it does suggest consumers should feel a little warmer and fuzzier about the experts who handle them.

"We're still in a position of advocacy," said Scott Ragan, vp of tax marketing and business development at **H&R Block**, Kansas City, Mo. "The look and feel of the brand is more contemporary, but we're still giving consumers specific reasons why they should come to **H&R Block**."

And they are, in droves. Through March 15, **H&R Block** had prepared 12 million individual tax returns, a 4.4% increase over the same period last year, according to the company. **H&R Block** continues its category dominance, with 10,000 retail outlets accounting for one in three of the 50 million

professionally prepared tax returns in the U.S., and more than half of all

electronic returns. Block's closest competitor, Cendant-owned Jackson Hewitt, has 3,000 locations with a total of 2.2 million customers last year.

Through a 1999 acquisition and subsequent rebranding of Olde Discount Corporation as **H&R Block** Financial Advisors, the company now also acts as financial adviser, mortgage lender and discount broker. While the stock market slide has cut into earnings on its brokerage end, a continued strong housing market and low interest rates helped strengthen its young mortgage business, whose revenues grew to \$415 million in 2001.

In the midst of its growth, the company has sought a snazzier image. CEO Mark Ernst established its first chief marketing officer post in 1999, tapping David Byers to shepherd the brand's \$100 million budget.

"Mark wanted to create a more customer-centric operation" for its multiple lines of business, said Byers. He'd spent his early career at Del Monte, later switching to the agency side with FCB Worldwide, San Francisco, where his clients included AT&T, Tricon and Disney. Other **H&R Block** marketers coming from outside industries include Ragan, formerly of Sprint, and Joe Sevcik, from Hallmark, now assistant vp of enterprise marketing.

First on their agenda: unveiling the company's new bright green "block" logo in summer 2000. Next came the store revamp, via Miller Zell, an Atlanta-based design consultancy.

Late last year, marketers turned to famed filmmakers the Coen Brothers, who produced a series of TV spots set to the music of the Beatles' "Tax Man." The ads, from Minneapolis-based Campbell Mithun, debuted during the 2002 Super Bowl. Critics praised their artful style and, given the category, dark humor. One spot turns an ominous blue as men in suits sing: ". . . one for you, 19 for me." Suddenly the venerable tax experts were acting hip, sponsoring the pre-game show with the "**H&R Block** of the Season."

At a time when most companies were slashing marketing budgets, **H&R Block's** media spending held at about \$35 million in 2000 and 2001, per CMR. Meanwhile, the firm sought flashier venues for its message, airing the "Tax Man" spots prior to the height of tax season during the Grammys and Golden Globe award shows.

Hinging the campaign on the recent myriad changes in tax law, marketers looked to "attract more complex filers," said Lance Crane, account vp at Campbell Mithun. "People whose taxes were becoming more complicated were graduating out of the brand."

**H&R Block** draws about equal numbers of male and female consumers, with a median age of 35-45 and annual

income \$30,000 to \$70,000. "The vast majority of our customers are returning clients of five or more years," said Sevcik, noting that turnover occurs most frequently within the first three years.

Marketers are also looking for cross-selling opportunities with existing customers, promoting products such as retirement accounts in ads and direct mail. In 2000, the firm began providing "Just for You" advice statements on returns. (Continued on page 29)

(Continued from page 25)

Customers might be reminded of a child who is too old to be declared a dependent, or recommended to refinance a mortgage.

But cross-selling financial services isn't easy, cautions Michael Hodes, an analyst with Goldman Sachs in New York. "Only a handful of companies have been able to do it with any great degree of success," he said.

Still, he argued, **H&R Block** is well positioned for the effort, given the high trust associated with the brand: "That's critical . . . Few situations leave you as naked as when you're in front of your tax preparer."

Marketers also insist the moves will not dilute the brand's core tax expertise. "Once consumers discover we have a range of investment opportunities and mortgages, it reinforces their confidence in our ability to do their taxes," said Sevcik.

To entice consumers, Block has upped the ante on promotions. Its efforts began in 2000 with a sponsorship of ABC's Who Wants to be a Millionaire, including a million-dollar sweeps, and continued with this year's "Many Happy Returns Monday" promo on CBS, in which contest winners were to have their taxes paid by **H&R Block**.

In the Double-Check challenge, consumers can have their back taxes checked by **H&R Block** free of charge. If customers overpaid an amount greater than its filing fees, which generally run \$100-300, they could legally refile back to three years. As of late March, Double-Check had brought in 183,000 customers.

Meanwhile, marketers continue to seek broad new entry points: A multi-year partnership with AOL Time Warner gives **H&R Block** access to 30 million online subscribers, via financial hubs of AOL and other portals, where it maintains a significant presence. The partnership may open the door for co-marketing ventures within the media

conglomerate. An alliance with Time Warner Cable, for example, could allow **H&R Block** to market itself to cable subscribers on their monthly bills.

But as it has reached further into the minds and pocketbooks of consumers, **H&R Block** has had some missteps. Last month, bowing to pressure, marketers pulled ads from National Rifle Association mailings and its Web site that pledged a contribution to the gun lobby each time consumers had their taxes done by **H&R Block**. Earlier this year, a federal court determined that its ad campaign touting an "instant refund" was misleading, and ordered damages paid to plaintiff Liberty Tax Service, likely around

\$1 million (see related story, page 19).

Call these growing pains for the company that hopes to become "Middle America's tax and financial partner," said CM's Crane.

As for redefining its position in the marketplace, success won't occur overnight, said Byers. "We're the nation's fourth-largest retail network. We've got a new corporate identity and a long-term ad campaign," he said. "For us, this was a watershed year." -Michael Applebaum

Program:

**H&R Block** rebranding

Marketer:

**H&R Block**, Kansas City, Mo.

Agencies:

Campbell Mithun, Minneapolis

Key players:

**H&R Block:**

David Byers, svp/chief mktg officer; Scott Ragan, vp-tax marketing/business

development; Joe Sevcik, asst vp-enterprise mktg;

**Campbell Mithun:**

Lance Crane, mgmt supervisor TAXES & TAXATION (92%); TAX AUTHORITIES (90%); MORTGAGE BANKING & FINANCE (90%); BRANDING (90%); CORPORATE POSITIONING (90%); MARKETING CAMPAIGNS (90%); MORTGAGE BANKING (90%); MARKETING & ADVERTISING (90%); BUSINESS DEVELOPMENT (90%); REAL ESTATE (90%); TAX CONSULTING (90%); FINANCIAL PLANNING (90%); RETAILERS (89%); CUSTOMER SERVICE (89%); EXECUTIVES (88%); MORTGAGE LOANS (84%); PERSONAL FINANCE (78%); BUDGETS (78%); MARKETING & ADVERTISING SERVICES (77%); SALES PROMOTIONS (76%); HOUSING MARKET (76%); SALES & SELLING (72%); CUSTOMER RELATIONS (71%); ECONOMIC NEWS (64%); INTEREST RATES (64%); DISCOUNT BROKERS (63%); **H & R BLOCK INC** (90%); U S AIRWAYS GROUP INC (56%); INTERNAL REVENUE SERVICE (84%); INTERNAL REVENUE SERVICE (84%); HRB (NYSE) (90%); NAICS541213 TAX PREPARATION SERVICES (90%); SIC7291 TAX RETURN PREPARATION SERVICES (90%); NAICS481111 SCHEDULED PASSENGER AIR TRANSPORTATION (56%); SIC4512 AIR TRANSPORTATION, SCHEDULED (56%); MARK ERNST (57%);

**Load-Date:** May 15, 2002

---

End of Document

# Block Woos Early Filers, Eschews Super Bowl

Promo

February 1, 2005

Copyright 2005 by PRIMEDIA Business Magazines & Media, Inc. All Rights Reserved

**Section:** Pg. 7; ISSN: 1047-1707

**Length:** 445 words

**Byline:** Betsy Spethmann

## Body

---

**H&R Block** is running its first-ever instant-win game to woo early-season clients with a chance to doubles their tax refunds.

The Double Your Refund game gets heavy media support, but no Super Bowl air-time: The Feb. 6 game is too late for Block's early-season strategy this year. Block ran spots starring Willie Nelson during Super Bowl in 2003 and 2004.

Block's instant-win game runs through February at Block's 11,000 locations and online. Customers get a scratch-off game piece when they visit a Block office (or a virtual game piece online). One hundred winners each get a cash prize equal to their 2004 federal tax refund - at least \$1,000 and no more than \$10,000.

"One strategic issue for us was to make sure to capture early-season clients - those who are pretty sure they're going to get a refund, so they come in early," says Anne Rauth, Block manager of promotions. The early deadline creates a sense of urgency and drives word of mouth.

A bigger prize pool also builds excitement. Secondary prizes include a Motown CD sampler (200,000 winners); reimbursement of tax preparation fees (500 winners); and cash, ranging from \$20 (500 winners) to \$5 (31,500 winners).

A second-chance drawing will award \$10,000 and any unclaimed high-level prizes from the game. Players go online to enter a code from non-winning game pieces; the codes also let Block track fulfillment and security. Campbell Mithun, Minneapolis, handles the campaign for Kansas City, MO-based Block.

The game is designed to foster interaction across the desk: Game pieces are on the envelopes in which tax preparers return clients' paperwork. That way "it's the tax pro and the client that are interacting," Rauth says, which

## Block Woos Early Filers, Eschews Super Bowl

is especially important because about half of Block's locations are franchised. (Past sweepstakes were executed nationally.) About 90% of Block's business comes through retail outlets; about 10% is online.

TV, radio, online and direct-mail support broke mid-January and runs through February. Block won't repeat its 2003 tie-in with CBS, which piggy-backed Block's "Just Plain Smart" tagline with a "Just Plain Funny" sweeps that asked viewers to identify show clips to enter a drawing at cbs.com. The tie-in was an added value to Block's media buy that "created some incremental awareness for Block, but drove business to cbs.com and not to Block," says Tom Tessman, Campbell Mithun director of promotion marketing. "This year's campaign is a direct traffic-driver for Block."

The bulk of Block's business comes in its fiscal fourth quarter, February through April. Block served 21.6 million consumers in fiscal 2004 via its 11,000 retail offices, software and online services.

**Load-Date:** January 25, 2005

---

End of Document

# Breeden reveals plan to increase Block's value

Kansas City Business Journal (Kansas & Missouri)

August 9, 2007 Thursday

Copyright 2007 American City Business Journals, Inc. All Rights Reserved

Length: 441 words

## Body

---

In its latest attempt to sway stockholders to elect three of its members to the **H&R Block** Inc. board, Breeden Partners LP on Thursday outlined its plan to bring shareholders more value.

In a filing with the Securities and Exchange Commission titled "**H&R Block**: Promises Promises," Breeden Partners said its plan includes the following proposed actions:

- Institute majority voting for all directors annually.

- Split the role of chairman and CEO.

- Adopt a guideline that directors should step down after 12 years of service.

- Eliminate the executive committee.

- Establish performance goals and standards to hold senior management accountable, and align compensation with return on investment capital.

- Consider divestiture of **H&R Block** Bank and the securities brokerage business.

- Focus on maximizing cash flow in the tax-related business.

- Use shareholder capital on stock buybacks.

- Explore re-franchising opportunities for company-owned stores.

Breeden Partners said shareholders need to issue a wakeup call to **H&R Block's** board and help the company get back to basics by focusing on its tax-related business.

Breeden said information from the Internal Revenue Service shows that from 2002 to 2006, the number of taxpayers using tax preparation services grew by more than 10 million.

However, Breeden said **H&R Block** lost 1.25 million clients during that period because management was focused on learning the brokerage business and originating subprime mortgages. Meanwhile, he said Jackson Hewitt increased its retail tax preparation business by 45 percent.

Breeden said **H&R Block** Bank creates restrictions that don't allow the company to buy back shares and increase shareholder value. The company would be better off supplying clients with a debit card from an unaffiliated provider, he said.



## Breeden reveals plan to increase Block's value

The filing from Breeden was in response to several letters to shareholders from **H&R Block**.

Block argued in previous filings that Breeden Partners poses a "significant disruption" to the company's progress and strategic plan. The company said it already is moving to strengthen its core tax, accounting and related financial services business. **H&R Block** Bank is an asset and enhances the ability to attract and retain early tax return clients, the company said.

Block also argues that Richard Breeden serves as the government-appointed monitor to Block auditing firm KPMG, which could cause a conflict of interest and a disruption to the company's ability to file timely financial reports.

Block's annual shareholders meeting will be at 9 a.m. on Sept. 6. at the Block headquarters in Kansas City.

Block ranks No. 3 on the Kansas City Business Journal's list of area public companies.

**Load-Date:** August 9, 2007

---

End of Document

# BUFFETT HAS BIG STAKE IN TAX PREPARER BLOCK

The Wichita Eagle

February 17, 2001 Saturday MAIN EDITION

Copyright 2001 The Wichita Eagle All Rights Reserved

**Section:** BUSINESS & FARM; Pg. 16A

**Length:** 274 words

**Byline:** Associated Press

## Body

---

KANSAS CITY, Mo. -Famed investor Warren Buffett has bought an 8.43 percent stake in **H&R Block** Inc., making him the second-largest shareholder of the tax preparation giant.

Buffett's company, Berkshire Hathaway Inc. in Omaha, disclosed the ownership in a filing with the Securities and Exchange Commission on Wednesday. His 7,697,500 shares are second only to the 8,056,448 owned by the Fidelity family of mutual funds.

Buffett's holding is three times larger than that of Block co-founder and retired chairman Henry Bloch, who has a 2.76 percent stake.

Analysts speculated about whether Buffett's investment would lead to a buyout of Block.

"We've seen Warren Buffett take positions and ultimately acquire companies" in the past, said Alexander Paris, who follows Block for Barrington Research Associates in Chicago. Paris said Berkshire Hathaway acquired a large block of International Dairy Queen Inc. before acquiring the fast-food restaurant company.

"**H&R Block** is definitely right up Warren Buffett's alley in terms of being a well-run, consumer-based (company) dominant in what they do," Paris said.

But another analyst, Michael Millman with Salomon Smith Barney in New York, said that if Buffett had bigger plans, he might have kept his holdings below 5 percent - the threshold for disclosure under SEC rules.

Block is trying to become a full-service, year-round financial company, having acquired brokerage, mortgage lending and accounting companies. Block has about 9,000 offices nationwide, though many are open only during tax season.

Shares of **H&R Block** were up 87 cents, or 2 percent, to close at \$45.20 Friday on the New York Stock Exchange.

## Graphic

---

PHOTO

**Load-Date:** November 29, 2001

---

End of Document

# Building Block; Tax preparation

The Economist

January 30, 2010

U.S. Edition

Copyright 2010 The Economist Newspapers Ltd. All Rights Reserved

**Section:** BUSINESS

**Length:** 559 words

**Dateline:** New york

**Highlight:** The revival of **H&R Block**

## Body

---

**H&R Block** has escaped death by focusing on taxes

THE tax season is under way in America, a three-month period to April 15th when millions of families try to fill in their tax return in a way that minimises what they have to pay to Uncle Sam or, if they are lucky, earns them a refund. It also heralds one of the great examples of corporate elasticity. The workforce of **H&R Block**, the country's largest mass-market tax-advice firm, surges from 5,000 to more than 100,000 "associates".

Block's army of consultants has mustered this year with renewed optimism. The firm seems to be getting its act together after a miserable few years which culminated in the summer of 2007 in a proxy battle by shareholders and a change of management. A year later the new chairman, Richard Breeden, a former head of the Securities and Exchange Commission whose activist investment firm led the proxy fight, recruited as chief executive Russ Smyth, who had led the turnaround of McDonald's in Europe. Although the similarities between fast food and tax advice are not immediately obvious, Mr Smyth's customer-centric approach seems to be working. Block returned to profitability last year, and its share price has risen by more than 60% from last May's low of \$13.73.

Mr Smyth's first move was to return the focus to tax advice, ending Block's ill-fated expansion into financial products including investment plans and subprime mortgages. On January 4th the firm agreed to refund \$11m to customers to settle a case brought by Andrew Cuomo, New York's attorney-general, who alleged it sold a savings plan that was "fee-laden and fraudulently marketed".

Mr Smyth believes there is still plenty of room for growth in Block's core business. The firm is trying to improve its online offering to compete better with Intuit's TurboTax while adding more support for web customers and moving upmarket. Mr Smyth is aiming for people with incomes of about \$50,000 a year; today's typical customer makes about \$39,000. Block recently opened a refurbished flagship store in Times Square in New York, which is designed

to attract a slightly wealthier client. The store offers greater privacy and free coffee, reversing what Mr Smyth says was the previous management's false economy of depriving customers of caffeine.

The return of big government is also doing Block a favour. Not only is the government trying to tax people more, and in increasingly complex ways. It is also trying to regulate the tax-advice business, which will probably drive small competitors out of the market. The firm has supported this effort, drawing a rebuke from the Wall Street Journal, which dubbed it "H&R Blockheads". Mr Smyth says that the new rules are not onerous and will exclude only the worst cowboys.

The problem remains of what to do with the firm's network of offices during the off-season, which the diversification into selling financial products was an attempt to solve. Health-care reform, if it survives a bruising political battle, may provide an opportunity. More people will need help negotiating the mass of complicated paperwork that the health-care system churns out—a problem that is likely to worsen. Some of Block's customers are already showing an appetite for this sort of advice, demand for which is not seasonal. For Block, perhaps it will be a matter not of death but health and taxes.

**Load-Date:** January 28, 2010

---

End of Document

# COMPANY NEWS; BLOCK SAYS EARNINGS WILL BE AT HIGH END OF FORECAST

The New York Times

May 2, 2002 Thursday

Late Edition - Final

Copyright 2002 The New York Times Company

**Section:** Section C; Column 1; Business/Financial Desk; Pg. 4

**Length:** 122 words

**Byline:** Bloomberg News

## Body

---

**H & R Block** said yesterday that it prepared a record number of tax filings this year and that its income in the fiscal year that ended on Tuesday would be at the top of a range it had forecast earlier. The company, which is based in Kansas City, Mo., reported \$2 billion in fees for tax preparation and related services from Jan. 1 to April 15 and said it had served 18.1 million clients. Block said it expected a profit near \$2.30 a share for the year. It previously forecast a profit of \$2.20 to \$2.30 a share. The company also raised its forecast for fiscal 2003 to \$2.60 to \$2.75 a share. Analysts surveyed by Thomson Financial/First Call expected the company to earn \$2.29 a share in fiscal 2002 and \$2.55 in fiscal 2003.

<http://www.nytimes.com>

**Load-Date:** May 2, 2002

---

End of Document

# COMPANY NEWS;

## Block Sells Unit

The New York Times

January 1, 1991, Tuesday, Late Edition - Final

Copyright 1991 The New York Times Company

**Distribution:** Financial Desk

**Section:** Section 1;; Section 1; Page 44; Column 3; Financial Desk; Column 3;

**Length:** 66 words

**Byline:** REUTERS

REUTERS

**Dateline:** KANSAS CITY, Mo., Dec. 31

### Body

---

**H & R Block** Inc. said it had completed the previously announced sale of its Path Management Industries subsidiary to the American Management Association for \$20 million in cash and notes. Block said the effect on its 1991 earnings was expected to be minimal. When the sale was initially announced, Block said Path Management, which provides business training, did not fit into its long-term plans.

**Load-Date:** January 2, 1991

---

End of Document

# Credit Lines In Spotlight At Block Unit

American Banker

July 6, 2007 Friday

Copyright 2007 SourceMedia, Inc. All Rights Reserved

**Section:** NATIONAL/GLOBAL; Pg. 1; Vol. 172; No. 129

**Length:** 669 words

**Byline:** William Launder

## Body

---

**H&R Block** Inc., no stranger to deadlines in its tax-preparation business, is facing another significant one as it looks to close the sale of Option One Mortgage Corp., its subprime unit, by Oct. 31.

One of the key conditions Block accepted when it reached the deal with Cerberus Capital Management LP in April was that Option One would have at least \$8 billion of warehouse lines at the closing.

As of Tuesday the unit was well above that minimum, with \$10 billion of warehouse lines. However, \$2 billion of those lines were uncommitted. And the cushion is narrower after Lehman Brothers decided recently not to renew its \$1.5 billion line.

In fact, Option One's committed lines might have fallen below the minimum had Bank of America Corp. not agreed to increase its line temporarily by \$250 million. That increase is good only until the sale to Cerberus closes or Oct. 31, whichever is sooner.

Moreover, a \$1.5 billion warehouse line Option One has from Citigroup Inc. is set to expire this month, according to a securities filing from May. The waiver of a profitability covenant on a \$750 million line from UBS AG is also set to expire this month.

**H&R Block** says the paring of its warehouse capacity is part of its plan. The reductions were aimed at eliminating fees Option One must pay for maintaining warehouse lines it does not use when origination volume lags, the parent company said.

"We obviously want to avoid paying fees for unneeded facilities," Nick Iammartino, a spokesman for **H&R Block**, said Thursday by e-mail.

"**H&R Block's** strategy has been to align total warehouse capacity with projected origination volume, while also providing a modest amount of extra capacity for any volume upturn," he wrote. "We increased total capacity



significantly when Option One was growing rapidly in origination volume; now that origination volume has declined, our warehouse capacity has declined as well."

Brian Horey, an analyst with Aurelian Management LLC in New York, said that the fees were relatively small, however, and that he suspected **H&R Block** "would have much rather paid the fee for three months to Lehman in order to have the deal stay all buttoned rather than having to go to BofA ... to stretch them to get some more capacity."

On a conference call last month, Bill Trubeck, **H&R Block's** chief financial officer, said, "We consciously brought ... [the warehouse lines] down a bit because the volumes in the industry are just that much lower, so continuing to have much more line capacity didn't make sense."

These days, Mr. Iammartino said in the e-mail, Option One needs \$3 billion to \$4 billion in warehouse capacity to run the business at any given time. "So we're more than double that," he wrote.

However, Kathleen Shanley, an analyst with the New York bond research firm Gimme Credit LLC, said the Lehman line reduction could jeopardize the Option One sale.

In a note published Thursday, Ms. Shanley wrote that the reduced lines could leave "Option One skirting dangerously close to the line ... with little margin for error." She called the B of A arrangement a stopgap measure because the capital can only be used when all other lines are in use and up to the point of sale. (B of A would not discuss the matter.)

Mr. Iammartino responded that Block is "managing its total warehouse lines to the \$8 billion level, and we are confident we have the current and potential lending relationships to maintain at least this amount in place through the closing of the Option One sale transaction. There's no contractual need to go any higher."

The contract with Cerberus "doesn't specify whether or not uncommitted warehouse funds are included in the \$8 billion minimum," he wrote. Cerberus did not return calls by press time.

In June, Mr. Trubeck said, "We have gotten all the waivers that are required to get us to the point we need to be at at closing ... so I think with respect to the waivers we have everything that we need to proceed" with the sale.

<http://www.americanbanker.com/>      <http://www.sourcemediacom.com/>

**Load-Date:** July 5, 2007

---

End of Document

# Deloitte & Touche To Audit for Block

American Banker

October 16, 2007 Tuesday

Copyright 2007 SourceMedia LLC d/b/a Arizent. All Rights Reserved

**Section:** CARDS: IN BRIEF; Pg. 12; Vol. 172; No. 199

**Length:** 201 words

**Byline:** H. Michael Jalili

## Body

---

**H&R Block** Inc. said Monday that Deloitte & Touche LLP has become its auditor.

As expected, the Kansas City, Mo., tax preparation and financial services company terminated its contract with KPMG LLP late last month after the election of directors who have a relationship with the New York auditing firm.

Last month **H&R Block** shareholders elected Richard C. Breeden, L. Edward Shaw, and Robert A. Gerard to the board. Mr. Breeden and Mr. Shaw are monitoring KPMG under its deferred prosecution agreement with the Department of Justice.

"We will immediately begin working with the Deloitte team to ensure that the transition is as smooth as possible and minimize any impact on operations and financial reporting from this midyear change in auditors," Bill Trubeck, **H&R Block's** executive vice president and chief financial officer, said in a press release.

When Mr. Breeden, a staunch critic of **H&R Block's** foray into financial services, was campaigning for a seat on the board this year, its management used a potential conflict of interest resulting from his role as a government-appointed monitor for KPMG as an argument against his election.

<http://www.americanbanker.com/>

<http://www.sourcemedia.com/>

**Load-Date:** October 15, 2007

---

End of Document

# Jackson Hewitt profit growth slows in quarter; Block wins share with 'instant money'

The Record (Bergen County, NJ)

March 1, 2007 Thursday

All Editions

Copyright 2007 North Jersey Media Group Inc., All Rights Reserved

**Section:** BUSINESS; Pg. B06

**Length:** 334 words

**Byline:** By BRADLEY KEOUN, BLOOMBERG NEWS, Wire Services

**Dateline:** PARSIPPANY

## Body

---

PARSIPPANY — Jackson Hewitt Tax Service Inc., the No. 2 U.S. tax preparer, said profit rose at a third of last year's pace as larger rival **H&R Block** Inc. won over more customers with "instant money" loans.

Net income in the fiscal third quarter ended Jan. 31 climbed 13 percent to \$27.5 million, or 83 cents a share, from \$24.5 million, or 69 cents a share, a year earlier, Parsippany-based Jackson Hewitt said Wednesday.

The company prepared 1.1 percent fewer returns than a year earlier, compared with a 14 percent gain for **H&R Block's** retail branches.

Jackson Hewitt ceded market share as **H&R Block** lured customers with new loans that allowed customers to get advances on tax refunds without having to wait for W-2 forms from their employers. Jackson Hewitt used a similar "Money Now" loan last year to trounce **H&R Block**, boosting prepared returns by 19 percent while its rival's clients fell by 2.2 percent.

Jackson Hewitt Chief Executive Officer Michael Lister attributed this year's decline in returns to an "industrywide late start to the tax season." The company expects return growth of 8 percent to 12 percent for the latter part of the tax-filing season. This year's filing deadline is April 17.

Shares of the company, which have climbed 13 percent in the past year, fell \$1.02 to \$32.22 in composite trading on the New York Stock Exchange.

Jackson Hewitt and its franchisees prepared 1.33 million tax returns through Jan. 31, compared with 1.34 million a year earlier.

## Jackson Hewitt profit growth slows in quarter; Block wins share with 'instant money'

The drop came even as Jackson Hewitt said the total number of tax offices owned by the company and its franchisees increased by 513, or 8.5 percent, to 6,526.

Revenue climbed 20 percent to \$114.4 million, partly because of price increases.

Average fees per return rose by \$18.17, or 9.7 percent, to \$205.78.

Jackson Hewitt said on Wednesday that it expects return growth of 1 percent to 3 percent for the full year. During the 2006 tax year, the company prepared a record 3.7 million returns, a 10 percent increase from the prior year.

**Load-Date:** March 1, 2007

---

End of Document